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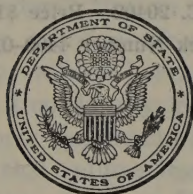
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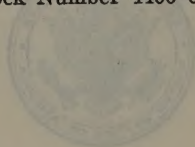
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PREFACE

This volume was prepared in the Historical Office under the direct supervision of S. Everett Gleason, former Chief of the Foreign Relations Division, assisted by Fredrick Aandahl, the present Chief.

Rogers P. Churchill prepared the sections on relations with the Union of Soviet Socialist Republics and on participation of the United States in the Belgrade conference on a regime for free navigation of the Danube River. William Slany prepared the sections on Czechoslovakia, Finland, and Yugoslavia and on multilateral relations with the countries of Eastern Europe. Herbert A. Fine prepared the sections on economic and military aid to Greece and Turkey (the Truman Doctrine) and on the Greek frontier question at the United Nations.

The editors acknowledge with appreciation the assistance provided them by the historians of the Department of Defense, including the Joint Chiefs of Staff. They are also grateful for the cooperation of the National Security Council, the Department of Defense, the Department of Commerce, the Federal Bureau of Investigation, and the Central Intelligence Agency, all of which concurred in the declassification of various papers for release herein. Thanks are also due to those foreign governments that kindly granted permission for the publication of certain of their documents in this volume.

The technical editing of this volume was the responsibility of the Publishing and Reproduction Services Division, Jerome H. Perlmutter, Chief. This function was performed by Helen V. Gilbert of the Documentary Editing Section, under the direction of the former Chief, May Pohlmann Sharp, and the present Acting Chief, Mary V. Bullick. The index was prepared by Francis C. Prescott.

WILLIAM M. FRANKLIN

*Director, Historical Office,
Bureau of Public Affairs*

PRINCIPLES FOR THE COMPILATION AND EDITING OF "FOREIGN RELATIONS"

The principles which guide the compilation and editing of *Foreign Relations* are stated in Department of State Regulation 2 FAM 1350 of June 15, 1961, a revision of the order approved on March 26, 1925,

by Mr. Frank B. Kellogg, then Secretary of State. The text of the regulation, as further amended, is printed below :

1350 DOCUMENTARY RECORD OF AMERICAN DIPLOMACY

1351 *Scope of Documentation*

The publication *Foreign Relations of the United States* constitutes the official record of the foreign policy of the United States. These volumes include, subject to necessary security considerations, all documents needed to give a comprehensive record of the major foreign policy decisions within the range of the Department of State's responsibilities, together with appropriate materials concerning the facts which contributed to the formulation of policies. When further material is needed to supplement the documentation in the Department's files for a proper understanding of the relevant policies of the United States, such papers should be obtained from other Government agencies.

1352 *Editorial Preparation*

The basic documentary diplomatic record to be printed in *Foreign Relations of the United States* is edited by the Historical Office, Bureau of Public Affairs of the Department of State. The editing of the record is guided by the principles of historical objectivity. There may be no alteration of the text, no deletions without indicating where in the text the deletion is made, and no omission of facts which were of major importance in reaching a decision. Nothing may be omitted for the purpose of concealing or glossing over what might be regarded by some as a defect of policy. However, certain omissions of documents are permissible for the following reasons:

- a. To avoid publication of matters which would tend to impede current diplomatic negotiations or other business.
- b. To condense the record and avoid repetition of needless details.
- c. To preserve the confidence reposed in the Department by individuals and by foreign governments.
- d. To avoid giving needless offense to other nationalities or individuals.
- e. To eliminate personal opinions presented in despatches and not acted upon by the Department. To this consideration there is one qualification—in connection with major decisions it is desirable, where possible, to show the alternatives presented to the Department before the decision was made.

The principles which guide the compilation and editing of *Foreign Relations of the United States* are stated in Department of State Regulations 2 FAM 1000 of June 15, 1961, a revision of the order approved on March 24, 1952.

1353 *Clearance*

To obtain appropriate clearances of material to be published in *Foreign Relations of the United States*, the Historical Office:

- a. Refers to the appropriate policy offices of the Department and of other agencies of the Government such papers as appear to require policy clearance.
- b. Refers to the appropriate foreign governments requests for permission to print as part of the diplomatic correspondence of the United States those previously unpublished documents which were originated by the foreign governments.

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LIST OF ABBREVIATIONS AND SYMBOLS

EDITOR'S NOTE.—This list does not include standard abbreviations in common usage; unusual abbreviations of rare occurrence which are clarified at appropriate points; and those abbreviations and contractions which, although uncommon, are understandable from the context.

- A- (plus number), airgram
A-A, Assistant Secretary of State for Political Affairs (Armour)
AA, Air Attaché
AA, anti-aircraft
AAF, Army Air Forces (U.S.)
AC, Allied Commission
ACC, Allied Control Commission, or Council
AC of S, Assistant Chief of Staff
AFA, Allied Financial Agency
Afem, series indicator for messages relating to the Foreign Aid Act of 1947 (Public Law 389)
AFHQ, Allied Force Headquarters (Mediterranean Theater)
AFL, American Federation of Labor
AGWar, Adjutant General, War Department
Alusna, U.S. Naval Attaché
AMAG, American Mission for Aid to Greece
Amag, series indicator for messages relating to the American Mission for Aid to Greece
Amb, Ambassador
AMC, Allied Military Command (of the Allied Zone of the Free Territory of Trieste)
AmDel, American Delegation
AmEmb, American Embassy
AMG, Allied Military Government
AMGVG, Allied Military Government, Venezia Giulia
ANFD, *Alianza Nacional de Fuerzas Democráticas* (Spanish political group)
AOA, American Overseas Airlines
AT, Assistant Secretary of State for Economic Affairs
ATC, Air Transport Command
AusDel, Austrian Delegation or Delegation at the Danube Conference in Belgrade
BalCom, United National Special Committee on the Balkans
Balgen, series indicator for telegrams to the United States Representative on the United Nations Special Committee on the Balkans, at Geneva
BBC, British Broadcasting Corporation
BC, Division of British Commonwealth Affairs, Department of State
BEA, British European Airways
Benelux, Belgium, Netherlands, Luxembourg
BETFor, British Element, Trieste Forces
BMA, British Military Administration
bn, battalion
BOAC, British Overseas Airways Corporation
BOT, Board of Trade (United Kingdom)
BTA, British Troops, Austria
CA, Conference Attaché
CAA, Civil Aeronautics Administration
CAB, Civil Aeronautics Board
CC, Central Committee of the Communist Party of the Soviet Union
CCAC, Combined Civil Affairs Committee
CCP, Chinese Communist Party
CCS, Combined Chiefs of Staff
CD, Christian Democrat
CE, Division of Central European Affairs, Department of State

- CEEC**, Committee (Council, Conference) for European Economic Cooperation
- Cere**, series indicator for messages relating to the CEEC
- CFM**, Council of Foreign Ministers
- CGMTO**, Commanding General, Mediterranean Theater of Operations
- ChNav-Grp**, Chief, Naval Group
- CIA**, Central Intelligence Agency
- c.i.f.**, cost, insurance, and freight
- C-in-C**, Commander in Chief
- CINCNELM**, Commander in Chief, Naval Forces, Eastern Atlantic and Mediterranean
- CIO**, Congress of Industrial Organizations
- CIOS**, Combined Intelligence Operations Section
- circair**, circular airgram
- cirtel**, circular telegram
- CMF**, Central Mediterranean Force (British)
- CNO**, Chief of Naval Operations
- Combal**, series indicator for telegrams from the U.S. Representative on the United Nations Special Committee on the Balkans
- ComGen**, General Committee at the Belgrade conference on free navigation of the Danube River
- ComGenMed**, Commanding General, Mediterranean
- Cominform**, Communist Information Bureau
- Comm One**, Committee One of the United Nations
- COMOS**, Continental Motor Shipping Company, Vienna
- CP**, Division of Commercial Policy, Department of State
- CP**, Communist Party
- CPF (PCF)**, Communist Party of France
- CPI**, Communist Party of Italy
- CPJ**, Communist Party of Yugoslavia
- CPSU**, Communist Party of the Soviet Union
- CRC**, Central Rhine Commission, at Strasbourg, France
- CRO**, Commonwealth Relations Office (United Kingdom)
- CSA**, Czechoslovak State Airline
- CSGID**, Ground Intelligence Division in the Office of the Chief of Staff, U.S. Army
- CSGPO**, Plans and Operations Division, General Staff, Office of the Chief of Staff, U.S. Army
- DAG**, Democratic Army of Greece (insurgent military force)
- DDSG**, *Donaudampfschiffahrtsgesellschaft*, First Danube Steamship Company, Austrian shipping company, founded in 1829
- DefenseSec**, Secretary of Defense
- Deldu**, series indicator for messages from the U.S. Delegate to the Danube Conference in Belgrade
- Delga**, series indicator for messages from the U.S. Delegation to the United Nations General Assembly
- Delsec**, series indicator for messages to the Secretary of State while heading a U.S. Delegation away from Washington
- Depcircair**, circular airgram from the Department of State
- Depcirinst**, circular instruction from the Department of State
- Depintel**, **Depinfotel**, information telegram from the Department of State
- Deptel**, telegram from the Department of State
- desp**, despatch
- Detert Company**, founded in Hungary in 1936 for shipping via the Danube to the Black Sea and beyond
- DP**, displaced person
- DRE**, Division of Research for Europe, Department of State
- DS**, Division of Protective Services, Department of State
- Dudel**, series indicator for messages to the U.S. Delegate to the Danube Conference in Belgrade
- E**, Assistant Secretary of State for Economic Affairs
- ECA**, Economic Cooperation Act, or Administration
- Ecato**, series indicator for messages from the Economic Cooperation Administration in Washington to its missions abroad

- ECE**, Economic Commission for Europe
- ECO**, European Coal Organization
- Econ**, series indicator for messages to the U.S. Delegation to the Economic Commission for Europe
- ECOSOC**, Economic and Social Council of the United Nations
- ED**, Division of Investment and Economic Development, Department of State
- EE**, Division of Eastern European Affairs, Department of State
- EM**, enlisted man, enlisted men
- Embdes**, despatch from an American Embassy
- Embniact**, night action (urgent) message from an American Embassy
- Embtel**, telegram from an American Embassy
- EP**, Division of Economic Property Policy, Department of State
- ERP**, European Recovery Program
- Esso**, *Ekpaidevtiki Seira Stratevsimon Opliton* (Enlisted Conscript Training Course)
- ETA**, estimated time of arrival
- ETD**, estimated time of departure
- EuCom**, European Command, U.S. Army
- EUR**, Office of European Affairs, Department of State
- ExIm or Ex-Im Bank**, Export-Import Bank of Washington
- FBI**, Federal Bureau of Investigation, Department of Justice
- FC**, Division of Foreign Activity Correlation, Department of State
- FEC**, Far Eastern Commission
- FLC**, Foreign Liquidation Commissioner, Department of State
- FN**, Division of Financial Affairs, Department of State
- FonMin**, Foreign Minister, Ministry
- FonOff**, Foreign Office
- FPRY**, Federal People's Republic of Yugoslavia
- FRB**, Federal Reserve Bank
- FSO**, Foreign Service Officer
- FTT**, Free Territory of Trieste
- Fund**, International Monetary Fund
- FY**, fiscal year
- FYI**, for your information
- G-1, -2, -3, -4, -5**, sections of a military staff, in a division or larger unit
- GA**, General Assembly of the United Nations
- Gadel**, series indicator for messages to the U.S. Delegation to the United Nations General Assembly
- Gama**, series indicator for messages relating to the American Mission for Aid to Greece
- GATT**, General Agreement on Tariffs and Trade
- Genbal**, series indicator for telegrams from the United States Representative on the United Nations Special Committee on the Balkans, at Geneva
- GGs**, Greek General Staff
- GHQ**, General Headquarters
- GNA**, Grand National Assembly (Bulgaria)
- GNA**, Greek National Army
- GOC**, Committee of Good Offices for the Netherlands East Indies of the United Nations Security Council
- GOC**, General Officer Commanding
- GPU**, Soviet secret police
- GSC**, General Staff Corps
- GTI**, Division of Greek, Turkish and Iranian Affairs, Department of State
- HMG**, His (Her) Majesty's Government in the United Kingdom (or in The Netherlands, etc.)
- HRC**, House of Representatives Committee
- IARA**, Inter-Allied Reparation Agency
- IBD**, Division of International Broadcasting, Department of State
- IBRD**, International Bank for Reconstruction and Development
- IC**, Interim Committee of the General Assembly of the United Nations
- ICAO**, International Civil Aviation Organization
- IEFC**, International Emergency Food Council
- IMF**, International Monetary Fund
- IMRO**, Internal Macedonian Revolutionary Organization

- infotel**, information telegram
- INP**, Division of International Press and Publications, Department of State
- INS**, International News Service
- inst**, instruction
- IR**, International Resources Division, Department of State
- IRO**, International Refugee Organization
- IS**, Division of International Security Affairs, Office of United Nations Affairs, Department of State
- ITO**, International Trade Organization
- ITP**, Office of International Trade Policy, Department of State
- IWG**, International Working Group
- JCS**, Joint Chiefs of Staff
- JIC**, Joint Intelligence Committee, in the American Embassy in the Soviet Union
- JUSMAPG**, Joint United States Military Advisory and Planning Group
- JUSPAD**, Yugoslav-Soviet Joint Shipping Company
- KKE**, *Kommounistikon Komma Ellados* (Communist Party of Greece)
- KLM**, Royal Dutch Airlines
- L**, **Le**, Office of the Legal Adviser, Department of State
- LA**, Latin America
- Lasco**, series indicator for messages from the Department of State to the U.S. Representative to the European Coal Organization
- Legtel**, telegram from an American Legation
- LP**, Division of Lend-Lease and Surplus War Property Affairs, Department of State
- MA**, Military Attaché
- MAA**, Military Air Attaché
- MAORT**, *Magyar Amerikai Olajipari Reszenytarsasag* (Hungarian-American Oil Company)
- MAR**, Military Attaché report
- Martel**, series indicator for messages from Secretary of State Marshall
- ME**, Middle East
- MEA**, Mission for Economic Affairs, U.S. Embassy, London
- Mefa**, series indicator for messages relating to the Foreign Aid Act of 1947 (Public Law 389)
- MESZHART**, Joint Soviet-Hungarian Navigation Company
- MFN**, most favored nation
- MGB**, Ministry of State Security in the Soviet Union, in control of the secret political police
- MID**, Ministry of Foreign Affairs of the Soviet Union
- MILA**, Military Liquidating Agency
- MinFonAff**, Minister of Foreign Affairs
- MOFP**, Ministry of Fuel and Power (United Kingdom)
- MRP**, *Mouvement Republicain Populaire* (French political party)
- MTO**, Mediterranean Theater of Operations
- MTOUSA**, Mediterranean Theater of Operations, United States Army
- mydes**, my despatch
- mytel**, my telegram
- NA**, Naval Attaché
- NAC**, National Advisory Council on International Monetary and Financial Problems
- NDC**, National Defense Corps (Greek)
- NDE**, National Defense Establishment
- NEA**, Office of Near Eastern and African Affairs, Department of State
- NEI**, Netherlands East Indies
- niact**, night action, communications indicator requiring attention by the recipient at any hour of the day or night
- NKVD**, Soviet secret police
- NME**, National Military Establishment
- Noce**, series indicator for messages from the U.S. Delegation to the Economic Commission for Europe
- NOE**, Division of Northern European Affairs, Department of State
- NOF**, *Narodnoosloboditelniot front* (Macedonian National Liberation Front)
- NSC**, National Security Council
- NSRB**, National Security Resources Board
- NV**, *note verbale*

OA, Division of International Organization Affairs, Department of State
OBP, Office of Budget and Planning, Department of State
OEEC, Organization for European Economic Cooperation
OFD, Office of Financial and Development Policy, Department of State
OFLC, Office of Foreign Liquidation Commissioner, Department of State
OIE, Office of Information and Educational Exchange, Department of State
OIR, Office of Intelligence Research, Department of State
OIT, Office of International Trade, Department of Commerce
OMGUS, Office of Military Government for Germany (United States)
OSR, Office of the U.S. Special Representative in Europe under the Foreign Assistance Act of 1948
OVIR, Bureau of Visas and Registration of Foreigners, in the Ministry for Internal Affairs of the Soviet Union
P, Office of the Assistant Secretary of State for Public Affairs
PAA, Pan American Airways
Par, series indicator for messages relating to the U.S. Foreign Relief Program
Patsu, series indicator for telegrams to the American Mission for Aid to Turkey, at Ankara
PED, Petroleum Division, Department of State
PL, Public Law
PM, Prime Minister
POL, petroleum, oil, and lubricants
PolAd, Political Adviser
POS, Public Affairs Overseas Program Staff, Department of State
PPS, Policy Planning Staff, Department of State
PriMin, Prime Minister
R, Special Assistant to the Secretary of State for Research and Intelligence

R/SPS, Special Projects Staff of R
Rap, series indicator for messages relating to the U.S. Foreign Relief Program
Rece, series indicator for messages relating to the CEEC
reEmb, regarding Embassy's message
refdes, despatch under reference
reftel, telegram under reference
remy, regarding my message
reurtel, regarding our telegram
Repto, series indicator for messages to the Economic Cooperation Administration headquarters in Washington from the United States Special Representative in Europe under the Foreign Assistance Act of 1948
reurtel, regarding your telegram
RFC, Reconstruction Finance Corporation
RHAF, Royal Hellenic Air Force
RHN, Royal Hellenic Navy
RJ, ratification by Yugoslavia of the treaty of Peace with Italy
S, Secretary of State
SAC, Supreme Allied Commander
SACMED, Supreme Allied Commander, Mediterranean
SANACC, State-Army-Navy-Air Force Coordinating Committee
SC, Security Council of the United Nations
SCAP, Supreme Commander for the Allied Powers in Japan
SD, Shipping Division, Department of State
SD, Social Democrats
SDGP, Soviet Danube State Shipping Company
SE, Division of Southern European Affairs, Department of State
SEC, Securities and Exchange Commission
SecDef, Secretary of Defense
Secdel, series indicator for messages from the Secretary of State while heading a U.S. Delegation away from Washington
SecGen, Secretary-General
SecState, Secretary of State
SFND, *Société Française de Navigation Danubienne* (French Danube Navigation Company)

- SHAEF**, Supreme Headquarters, Allied Expeditionary Force
- SMA, SMAD, SMAG**, Soviet Military Administration (Germany)
- Soceco**, series indicator for telegrams to the U.S. Delegate to ECOSOC
- SONJ**, Standard Oil Company of New Jersey
- SovDel**, Soviet Delegation
- SovRomtransport**, Joint Soviet-Romanian Shipping Company
- S/P**, Policy Planning Staff, Department of State
- SPA**, Office of Special Political Affairs, Department of State
- SWN**, designation for a series of papers presented to the State-War-Navy Coordinating Committee
- SWNCC**, State-War-Navy Coordinating Committee; also a designation of a series of papers presented to that Committee
- SYG**, Secretary-General
- T**, Assistant Secretary of State for Transportation and Communications
- TA**, trade agreement
- TAC**, Interdepartmental Committee on Trade Agreements
- TASS**, Telegraph Agency of the Soviet Union, official communications agency of the Soviet Union
- TC**, Trusteeship Council of the United Nations
- telecon**, telecommunication conversation or conference
- Telmar**, series indicator for messages to Secretary of State Marshall
- TIAS**, Treaties and Other International Acts Series, official publication by the Department of State
- Toeca**, series indicator for messages to the Economic Cooperation Administration in Washington from its missions abroad
- Torep**, series indicator for messages to the U.S. Special Representative in Europe (Harriman, at Paris)
- TRC**, Office of Transport and Communications, Department of State
- TUC**, Trades Union Congress (British)
- Tusag**, series indicator for telegrams from the U.S. Army Group in Turkey
- TWA**, Transcontinental and Western Air, Inc.
- U**, Under Secretary of State
- U/GT**, Coordinator for Aid to Greece and Turkey in the Office of the Under Secretary of State
- UDBA**, *Uprava drzavne bezbednosti* (Yugoslav Administration of State Security)
- UKDel**, United Kingdom Delegation
- UMT**, Universal Military Training
- UNA**, Office of United Nations Affairs, Department of State
- UNESCO**, United Nations Educational, Scientific, and Cultural Organization
- UNGA**, United Nations General Assembly
- UNRRA**, United Nations Relief and Rehabilitation Administration
- UNSC**, United Nations Security Council
- UNSCOB**, United Nations Special Committee on the Balkans
- UNSYG**, Secretary-General of the United Nations
- urdes**, your despatch
- urtel**, your telegram
- USAF**, U.S. Air Force
- USAFE**, U.S. Air Forces in Europe
- USAGG**, U.S. Army Group in Greece
- USDel**, U.S. Delegation
- USFA**, U.S. Forces in Austria
- USFAP**, U.S. Foreign Aid Program
- USFET**, U.S. Forces, European Theater
- USFRP**, U.S. Foreign Relief Program
- USG**, U.S. Government
- USGAdel**, U.S. Delegation at the United Nations General Assembly
- USIS**, U.S. Information Service
- Ustap**, series indicator for telegrams from the American Mission for Aid to Turkey, at Ankara
- USUN**, U.S. Mission at the United Nations

VOA, VOUSA, Voice of America
WAR (WARX, WAREX), series indicators for telegrams sent overseas by the Department of the Army or by Army Headquarters, Washington
WD, War Department
WE, Division of Western European Affairs, Department of State

WFTU, World Federation of Trade Unions
WHO, World Health Organization
WPA, Works Progress Administration
YCP, Yugoslav Communist Party
YMS, motor mine sweeper
yrdes, your despatch
yrtel, your telegram
Zecho, Czechoslovakia

UNITED STATES ECONOMIC AND MILITARY AID TO GREECE AND TURKEY: THE TRUMAN DOCTRINE ¹

Editorial Note

Dwight P. Griswold, Chief of the American Mission for Aid to Greece, outlined on January 5 to Prime Minister Themistocles Sophoulis and Deputy Prime Minister and Minister for Foreign Affairs Constantine Tsaldaris, proposed increases in American military aid to Greece and the conditions attached thereto (telegram Amag 32, January 6, 6 p. m., 868.20/1-648). The offer of the increases was made pursuant to authorization by the Department of State in telegram Gama 718, December 30, 1947, to the Mission, *Foreign Relations*, 1947, volume V, page 478.

Mr. Griswold, a former Governor of Nebraska, on January 7 sent to the two Greek leaders a memorandum of his oral statement of January 5, a copy of which he transmitted to the Department in despatch Amag 100 the same day (868.00/1-748).

The Greek Prime Minister replied to Governor Griswold's memorandum in an *aide-mémoire* of January 12. He set forth his Government's full acceptance of the program spelled out in the memorandum, save for one minor exception. He warned, however, that the economic measures to which the Greek Government was committed would not yield the desired results unless a relative stability were maintained between the gold sovereign and the drachma, pending effective results from the economic reforms, and unless drachmae were obtained to meet military expenditures and costs of caring for refugees. As to the former, he requested immediate release and conversion into sovereigns of Greek gold held by the Federal Reserve Bank of New York as security for a loan (telegram Amag 75, January 13, 6 p. m., 868.00/1-1348).

¹ Continued from *Foreign Relations*, 1947, vol. v, pp. 1-484. For documentation on the Greek case before the United Nations, see pp. 222 ff.

Executive Secretariat Files, Lot 63-D351

*Report to the National Security Council by the Executive Secretary
of the Council (Souers)* ¹

TOP SECRET
NSC 5

WASHINGTON, January 6, 1948.

THE POSITION OF THE UNITED STATES WITH RESPECT TO GREECE

THE PROBLEM

1. To assess and appraise the position of the United States with respect to Greece, taking into consideration the security interests of the United States in the Mediterranean and Near East areas.

ANALYSIS

2. The National Security Council has concurred in the following:

"... The security of the Eastern Mediterranean and of the Middle East is vital to the security of the United States The security of the whole Eastern Mediterranean and Middle East would be jeopardized if the Soviet Union should succeed in its efforts to obtain control of any one of the following countries: Italy, Greece, Turkey, or Iran. In view of the foregoing, it should be the policy of the United States, in accordance with the principles, and in the spirit of the Charter of the United Nations, to support the security of the Eastern Mediterranean and the Middle East. As a corollary of this policy the United States should assist in maintaining the territorial integrity and political independence of Italy, Greece, Turkey, and Iran. In carrying out this policy the United States should be prepared to make full use of its political, economic, and, if necessary, military power in such manner as may be found most effective It would be unrealistic for the United States to undertake to carry out such a policy unless the British maintain their strong strategic political and economic position in the Middle East and Eastern Mediterranean, and unless they and ourselves follow parallel policies in that area"²

¹ In a note to the National Security Council on January 6, Admiral Souers stated that this report "has been prepared by the Staff of the National Security Council with the advice and assistance of the representatives of the Departments of State, the Army, the Navy and the Air Force and of the Central Intelligence Agency.

"This report has been coordinated with the above Departments, with the exception of paragraphs 17 and 18 thereof. Representatives of the Department of State have proposed paragraph 17, but this has not been concurred in by representatives of all of the other Departments. Representatives of the Army and the Air Force have recommended the inclusion of paragraph 18, but this is not concurred in by representatives of the Department of State." (Policy Planning Council Files, Lot 64-D563)

² The quoted portions are taken from "The American Paper", prepared in connection with talks beginning on October 16, 1947, between the United States and the United Kingdom on political, military and economic subjects concerning the Middle East and the Eastern Mediterranean; for documentation on these talks, see *Foreign Relations*, 1947, vol. v, pp. 485 ff. "The American Paper" is printed, *ibid.*, p. 575.

3. The Communists, under the leadership of the USSR, seek world domination and to this end are making piecemeal advances, principally by aggression through indigenous Communist movements within other countries. In line with this strategy the Communist movement, operating through the Communist party of Greece and the Soviet satellite countries in the Balkans, is engaged in a forceful, energetic effort to overthrow the present Greek Government, and to achieve complete and dictatorial control of Greece. The Communist movement has strong guerrilla forces operating in Northern Greece and has announced the formation of a "Free" Greek Government. Almost certainly one or more of the satellites, and possibly the USSR, will recognize this "free" Government. The objective of such recognition will probably be to facilitate open military assistance which may enable the "free" government to obtain *de facto* control over large segments of Greek territory.

4. The Greek Government rests on a weak foundation and Greece is in a deplorable economic state. There are general fear and a feeling of insecurity among the people, friction among short-sighted political factions, selfishness and corruption in Government, and a dearth of effective leaders. The armed forces of Greece, both military and police units, are hampered in their effort to eliminate Communist guerrilla forces by lack of offensive spirit, by political interference, by disposition of units as static guard forces and by poor leadership, particularly in the lower echelons. The Greek army, if strengthened, adequately equipped, operationally and technically well advised, and assured of continued US support, can eliminate guerrilla forces composed of Greek nationals alone. British troops, which remain in Greece and which we are urging the British to retain there, have served the purpose of contributing to Greek morale and of deterring overt intervention in Greece by the neighboring Soviet satellites.

5. UN Security Council action has been and will continue to be rendered ineffective by Communist veto and other obstructionist tactics.

6. The United States has declared its intention to aid Greece in keeping with US policy to help free peoples resist aggressive totalitarian movements. US measures to date have been inadequate to thwart the Communist advances. It is now apparent that the aid program of the United States, which expires June 30, 1948, will not strengthen the Greek Government sufficiently to enable it to withstand Communist pressure. The lack of convincing evidence that we are firmly determined to prevent Greece from falling under Soviet domination has weakened the will of the Greek people in resisting Communist aggression. Effective implementation of US policy has also been hampered by lack of centralized control of American activities in Greece.

7. A Communist success in the face of US aid to Greece would have serious widespread political repercussions in addition to its significance as one more advance under the limited objective strategy now pursued by the Soviets toward their objective of world-wide domination. Results might be the collapse of resistance in Iran to external Russian pressure, and encouragement in Italy and France to internal Communist movements. Resistance to Communism by countries not now under pressure would be discouraged; the success of the European Recovery Program, if adopted, might be jeopardized; and the USSR would take further action to destroy our position on the Eurasian land mass. The British might decide to reconsider their present position in the Eastern Mediterranean and Near East.

8. The possible courses of Communist action in Greece are :

a. The current pattern, which consists of armed opposition by Greek nationals to the established Greek Government, with aid and refuge furnished by the neighboring Soviet satellites. The leader of this armed opposition has recently announced the establishment of a "free state".

b. Recognition by USSR or one or more of its satellites of the illegal "Free" Greek government, possibly accompanied or followed by action indicated in *c* or *d* below.

c. Armed opposition to the Greek Government within the present Greek borders by non-Greek nationals, operating as guerrillas, as an international brigade, or in support of the illegal "free" government.

d. Armed aggression across present Greek borders by Soviet or satellite forces.

9. Recognition of the "First Provisional Democratic Government of Free Greece" by Albania, Yugoslavia, or Bulgaria would constitute an open disregard of the resolution of October 21, 1947 of the General Assembly of the United Nations.³ Such recognition, combined with the UN Balkan Commission's report charging assistance to the Greek guerrillas by these three nations, might be regarded as evidence of armed attack against a member of the United Nations, justifying action under the terms of Article 51 of the UN Charter. Military aid to the illegal "free" government would be more convincing evidence of armed attack against the legal Greek Government.

10. If evidence is established by a responsible source, such as the UN Special Balkan Committee, that non-Greek nationals in significant numbers are participating in hostilities on Greek soil against the recognized Greek Government, as envisaged in paragraph 8*c*, such participation would definitely constitute armed attack under Article 51 of the Charter of the United Nations and could be dealt with accordingly.

11. Overt armed attack across the present borders of Greece by troops of a foreign government, as envisaged in paragraph 8*d* would

³ For information on this subject, see bracketed note, *Foreign Relations*, 1947, vol. v, p. 888.

be an act of war against Greece, justifying military action under the provisions of the Charter of the United Nations.

12. US actions in Greece can be effective only if they are coordinated with US actions to combat Communist aggression throughout the entire Eastern Mediterranean and Near East areas.

CONCLUSIONS

13. The defeat of Soviet efforts to destroy the political independence and territorial integrity of Greece is necessary in order to preserve the security of the whole Eastern Mediterranean and Middle East, which is vital to the security of the United States.

14. The United States should, therefore, make full use of its political, economic and, if necessary, military power in such manner as may be found most effective to prevent Greece from falling under the domination of the USSR, either through external armed attack or through Soviet-dominated Communist movements within Greece, so long as the legally elected government of Greece evidences a determination to oppose such Communist aggression.

15. The United States should be prepared to send armed forces to Greece or elsewhere in the Mediterranean, in a manner which would not contravene the spirit of the Charter of the United Nations, if it should become clear that the use of such forces is needed to prevent Greece from falling a victim to direct or indirect aggression and that Greece would thereby be afforded a reasonable chance of survival.

16. The President should consult with appropriate members of Congress to inform them of the changed situation in Greece and to seek assurances of the full support of Congress as a prerequisite for the successful implementation of the measures outlined below. He should make clear to these members of Congress that the decision to take a firm stand in Greece is based on overall political and strategical considerations, but that this decision does not necessarily commit the United States in the event of war to fight in Greece. He should also emphasize that the measures contemplated will probably make necessary a strengthening of our military establishment in men, equipment, and facilities, involving appropriate measures to attain adequate personnel and equipment.

17. The Commander, US Naval Forces, Mediterranean, should be assigned as additional duty the following missions:

a. Responsible for making recommendations direct to this government concerning our over-all military policy with regard to Greece and other areas threatened by Communist activities in the Eastern Mediterranean.

b. Authorized to make recommendations direct to this government on political and economic matters of interest from the standpoint of the area as a whole.

c. To advise and assist the respective Chiefs of Missions in the Eastern Mediterranean area in order to further the coordination of military activities in that area.

He should be specially qualified to evaluate the politico-military factors pertaining to Communist aggression in the Eastern Mediterranean and should be free to move about the area.

18. The United States should immediately designate a forceful individual of outstanding reputation with diplomatic experience and talent to serve as the senior representative of the United States and the director of all US activities in Greece. The mission of such an individual should be:

a. To direct and coordinate in the most effective manner possible all US activities in Greece.

b. To strengthen in every practicable way the Greek effort to withstand Communist aggression.

c. To conduct US activities in Greece with the overall objective of preserving the territorial integrity and political independence of Greece.

d. To keep the United States Government fully informed as to the measures which, in his opinion, should be taken to achieve this over-all objective.

19. The United States should immediately take steps to strengthen and successfully execute its present assistance program to Greece by measures such as the following:

a. Demand as a condition for the continuance of the assistance program, the complete cooperation and aggressive action of the Greek government, including such measures as undertaking necessary political, economic and financial reforms, presenting a united and determined front against Communist aggression, divorcing politics from the conduct of military operations, and in general improving the efficiency of the administration of the Greek aid program.

b. Increase the assistance to the Greek armed forces to the extent necessary to cope with the guerrilla situation by reallocation of funds within the present aid program and by placing emphasis upon the military assistance in future programs.

c. Provide promptly through appropriate legislative action the additional funds required to compensate for expenditures under the present assistance program caused by such unforeseen emergencies as caring for Greek refugees evacuated from guerrilla-threatened areas, a one-third decrease in the Greek wheat crop by reason of drought, and the substantial recent rise in world prices.

d. Take steps to implement the President's approval of the extension of the present assistance program beyond June 30, 1948.

e. Strengthen US foreign information measures with reference to Greece in order to counter Soviet propaganda; to emphasize Soviet direction of the Communist efforts to hinder Greek recovery, establish a Greek "free" state, and dominate Greece; to demonstrate the determination of the United States to defeat these Soviet efforts; and to make clear the ideological objectives of the United States.

f. Through the Department of State, keep the people of the United States fully informed concerning the danger to the principles of the UN Charter and in turn to our own national security of the type of Communist internal aggression being waged in Greece.

g. Encourage resistance movements in any potential Communist-dominated area of Greece.

20. The United States should immediately move to strengthen the Special Balkan Committee set up by the General Assembly by increasing the scale of its observer activity through the assignment of additional personnel.

21. If recognition of the illegal "First Provisional Democratic Government of Free Greece" is accorded by Albania, Bulgaria or Yugoslavia, the United States representative in the Special Balkan Committee should support a resolution in that body to the effect that such recognition constitutes an open disregard of the resolution of October 21, 1947 of the General Assembly of the United Nations.

22. The United States should consult now with the British Government as to the course of action which should be followed if recognition of the illegal "First Provisional Democratic Government of Free Greece" is accorded by Albania, Bulgaria, or Yugoslavia. Such consultation would presumably be followed, if the British agree, by joint consultation with the French and other interested governments, with a view to ascertaining whether support can be obtained among members of the UN for calling a special session of the General Assembly or other action under the Charter. If, for example, a special session is called, the United States should be prepared:

a. To call upon the General Assembly to recommend that the governments extending recognition withdraw such recognition within a designated period; and

b. If recognition is not withdrawn, to support a Greek request for a resolution calling on member states of the UN to render maximum assistance to the Greek Government in any practicable way. Although such a resolution should not specifically mention military assistance, extreme care should be taken to insure that the General Assembly resolution does not in its language exclude direct military assistance.

23. If the US should become involved in any military action in Palestine, this would require reconsideration of these conclusions.

24. If evidence indicates that the Soviet or its satellites are planning to employ their armed forces across the present borders of Greece, the National Security Council should review the situation.

Editorial Note

On January 6, 1948, at Washington, Major General Donald H. Connolly, the Foreign Liquidation Commissioner, and Vassili C. Den-

dramis, the Greek Ambassador, entered into an agreement under which the United States extended to Greece a further line of credit for the purchase of up to \$25,000,000 worth of United States surplus property; for text, see United Nations Treaty Series, volume 184, page 258.

This agreement was the fifth involving sales of surplus property to Greece. For information on the four agreements entered into in 1946 and 1947, which extended credits to Greece totaling \$55,000,000, see footnotes 26 and 96, *Foreign Relations*, 1946, volume VII, pages 175 and 232; and editorial note, *ibid.*, 1947, volume V, page 171.

Executive Secretariat Files, Lot 63-D351

Memorandum by the Joint Chiefs of Staff to the Secretary of Defense
(Forrestal) ¹

TOP SECRET

WASHINGTON, 8 January 1948.

Subject: The Position of the United States with Respect to Greece

In compliance with the informal request of the Secretary of Defense, the Joint Chiefs of Staff have considered the draft report by the staff of the National Security Council on the position of the United States with respect to Greece. The Joint Chiefs of Staff, from the point of view of the military considerations, are of the opinion that the security of the Eastern Mediterranean and the Middle East is of critical importance to the future security of the United States. Insofar as the military implications are concerned, the Joint Chiefs of Staff advise that:

- a. Any additional deployment of the United States armed forces to this area will, in view of our present extended position, automatically raise the question of the advisability of partial mobilization, and
- b. Any deployment of appreciable military strength in this area will make a partial mobilization a necessity.

With reference to the conclusion in paragraph 17 of the subject document that the Commander, U.S. Naval Forces, Mediterranean, should be assigned certain additional duties, the Joint Chiefs of Staff are of the opinion that these conclusions, so far as they refer to military activity and coordination, are unsound and should be deleted. Resulting confusion among military personnel and lack of clear-cut lines of authority would embarrass all concerned. The Joint Chiefs of Staff have no objection of course to permitting the Commander, U.S. Naval Forces, Mediterranean, to conduct such conferences as may be desired by the Department of State with the Heads of Missions in that

¹ Copy transmitted to the Director of the Policy Planning Staff (Kennan) by Admiral Souers on January 12.

area. The Joint Chiefs of Staff believe it disadvantageous to the National Defense for an officer in command of armed services to be required to report directly to the United States Government concerning political or economic matters except when requested for his personal views by the Department of State.

The Joint Chiefs of Staff are of the firm opinion that, from the military point of view, the action recommended in the conclusion in paragraph 18 is the most logical step to improve our position in Greece at the present time and, consequently, our position in the Eastern Mediterranean.

For the Joint Chiefs of Staff:

WILLIAM D. LEAHY

Fleet Admiral, U.S. Navy,

Chief of Staff to the

Commander in Chief of the Armed Forces

711.68/1-948

Memorandum by the Director of the Office of Near Eastern and African Affairs (Henderson) to the Secretary of State

TOP SECRET

[WASHINGTON,] January 9, 1948.

Subject: Comments with Regard to a Report to the National Security Council, dated January 6, 1948, on "The Position of the United States with Respect to Greece"

A. Comments with regard to Paragraph 15, which provides that under certain circumstances, the United States should be prepared to send armed forces to Greece or elsewhere in the Mediterranean.

1. Those of us who are working on day-to-day problems with Greece are unanimous in our conviction that a decision should be reached as soon as possible as to how determined the United States is to prevent Greece from succumbing to the aggression of international Communism and from becoming eventually a base for further Soviet aggression.

2. We are further convinced that unless we decide that our determination to prevent the conquest of Greece by the Soviet Union or its satellites is to be stronger than that of the would-be aggressors to take Greece and unless we make this fact clear to the Soviet Union, the Soviet satellites, and the Greek people themselves, either (a) Greece and the whole Eastern Mediterranean and the Middle East, not to speak of Europe, will be lost to the Western world, or (b) the neighbors of Greece will have gone so far before realizing the extent of our determination that they cannot draw back and there will be the beginnings of a new World War.

3. We, therefore, consider that it is essential that a decision similar to that contained in Paragraph 15 of the Draft Report to the National Security Council be made at once that in certain circumstances we would be prepared to send armed forces to Greece. We would have no objection to a redrafting of this paragraph provided the redraft would also make it clear that we would be prepared to send armed forces to Greece if we should become convinced that Greece was in grave danger and that the presence of our forces might save her.

4. Recent developments in Greece, including the following, emphasize how important it is that such a decision be made:

(a) The announcement by "General" Markos,¹ with strong Soviet satellite support, of a "First Provisional Democratic Government of Free Greece" which at an appropriate time, unless further steps are taken by this Government, will probably be recognized by the U.S.S.R. or by one or more of the Soviet satellite Balkan states; and

(b) The launching of heavy guerrilla attacks, with large concentration of forces supported by artillery, upon certain Greek towns near the Albanian frontier—with strong evidence that Greece's northern neighbors are giving increased aid to the guerrillas in defiance of the General Assembly resolution of October 21, 1947.

5. Among the reasons which render particularly urgent the making of this decision are:

(a) The difficulty encountered by agencies and representatives of the United States in carrying on day-to-day operations in the absence of a clear-cut policy as to how far the United States is willing to commit itself to the preservation of Greek independence;

(b) The lowering of Greek morale as a result of increasing suspicion that the United States and other Western powers are less determined to save Greece than the Soviet Union and its satellites are to take it over; and

(c) The feeling among other nations that our policy with respect to Greece is an indication of the degree of our determination to check Soviet expansion in other areas.

6. Lacking such a decision, the Department of State and the Departments of the Armed Services, in particular, are almost constantly perplexed as to the action which should be taken to meet certain contingencies. As a consequence, the United States Government is so slow in countering the moves of international Communism in Greece that the measures ultimately adopted frequently lack full effectiveness. A question, for instance, with which we may be faced at any time is: "What course shall we take in the United Nations in case UNSCOP (the United Nations Special Committee on the Balkans, on which our chief representative is Admiral Kirk) finds that the three northern neighbors of Greece are openly flouting the resolution of the Gen-

¹ Markos Vafiades, President and Minister of War in the "First Provisional Democratic Government of Free Greece".

eral Assembly by continuing or increasing their aid to the Greek guerrillas?" Certainly the granting of some form of recognition on the part of Albania, Yugoslavia and Bulgaria to the Markos junta would in itself represent an open disregard of the General Assembly resolution. If UNSCOB should report to the United Nations that such recognition was accompanied by continued aid to the guerrillas, it would be difficult for the United States not to insist that either the General Assembly, perhaps in special session, or the Security Council take some appropriate action.

7. So long, however, as the United States has made no decision as to how far it is prepared to go in order to prevent Greece from falling victim to the aggression of the Soviet Union or Soviet satellites, we might be going through useless motions in pressing the Greek case further either in the General Assembly or in the Security Council. The General Assembly has no power physically to enforce its decisions and the Security Council would be unable, in the face of a certain Soviet veto, to take any effective measures against the aggressors. Since resolutions already passed by the General Assembly would have been openly ignored it would seem to be ridiculous to pass any more unless there was some prospect of their support by action. The United States would place itself in a false position if it should support the passage of additional resolutions when it was not prepared, if necessary, to join with other nations in accordance with the spirit of the Charter to use force if necessary in order to avoid the slow strangulation of Greece by the Soviet Union and its satellites.

8. We should make decisions now which would enable us to let the Greek Government and people understand that they can really depend on the backing of the United States in their struggles against foreign aggression, provided they do their part in eliminating the Greek guerrillas and in restoring Greek economic life. We do not need to tell them specifically that we are prepared to send armed forces in certain circumstances to Greece. Until, however, we are able to convince them that our determination not to permit Greece to fall a victim to aggression is greater than the determination of international Communism to take over Greece, our efforts to aid Greece are likely to remain ineffective. The Greek people have been in a state of demoralization as a result of their suffering ever since the conquest of Greece by the Axis. Their demoralization has been accentuated by their knowledge of what has happened to the peoples of the Balkans and Eastern Europe under Soviet domination. They know that Greece, without resolute backing, cannot indefinitely resist the Soviet Union and its satellites. They have no assurance that they possess such backing. In the absence of further assurances, there is a growing sense of hopelessness, frustration and alarm. Many Greeks opposed to Com-

munism are hesitating to commit themselves openly against the Communists. Some, having lost all hope for the salvation of Greece, are preparing for the day when the Communists take power, rather than devoting their energies to resistance against the guerrillas or to problems of Greek reconstruction. The feeling affects the morale of the Army as well as that of civilian officials. The Communist guerrillas and their associates, on the other hand, assured of the backing of the Soviet Union and its satellites, are convinced that if they continue to carry on their struggle, they will eventually become the rulers of Greece. Are people so lacking in the will to save themselves worth saving? The Greek people are just as patriotic and courageous as peoples anywhere, as they have demonstrated in the war against Italy. Their frustration and demoralization is heightened by their lack of leadership since their best potential leaders were lost during the war. In any event, the problem is not so much that of saving the Greek people as that of preventing Greece from becoming a Soviet base and of permitting the impression to become prevalent that the United States is lacking in resolution when faced with aggression.

9. Greece is the test tube which the peoples of the whole world are watching in order to ascertain whether the determination of the Western powers to resist aggression equals that of international Communism to acquire new territory and new bases for further aggression. We are convinced that if the United States permits the conquest of Greece, the peoples particularly of Europe and of the Middle East will draw their own conclusions and will be afflicted with a sense of uncertainty and frustration similar to that found in Greece today. No amount of American funds and resources invested in the European recovery program can possibly save Europe if the peoples of that area become convinced that the United States, although willing to invest wealth, is not prepared, if it be found necessary, to resort to force in order to meet force. If we are not prepared to make such a decision, we must face the fact that in endeavoring to cope with the forces of aggression, we are playing a bluffing game. We cannot bluff for any length of time without our weaknesses and hesitations in meeting new situations rendering it clear to the whole world that we are lacking in seriousness and determination.

10. A number of questions, including the following, might well be raised when such an important decision is under consideration:

(a) What would be the mission of such forces as we might decide to despatch to Greece?

(b) In what circumstances could such forces be withdrawn?

It is impossible in advance of the situation calling for the despatch of forces to state what their specific objectives would be. That would depend on the circumstances. It is not envisaged that forces would be

sent unless it should be decided that their presence would be helpful in a given situation, and their presence could, of course, be helpful only if they were charged with some specific mission. Among the missions for which troops might possibly be sent would be to garrison or protect certain areas in Greece, to seal off certain valleys which hostile armed forces might use in entering Greece from abroad, carrying on maneuvers for the purpose of deterring the northern neighbors of Greece from attempting an armed coup such as the sudden occupation of Greek Thrace by Bulgarian troops. It is also impossible in advance of a situation calling for the despatch of forces to Greece to state the circumstances under which such forces would be withdrawn other than to say that they would be taken out upon the termination of their mission. If, for instance, they should be sent to Greece for the purpose of saving that country from a specific danger, they would be withdrawn when that danger had abated. It might be argued that a danger of long duration would mean that American troops would be held in Greece for a considerable period of time. If this should be the case, it would merely signify that the Soviet Union and its satellites were continuing to follow a persistent course of aggression. Our answer is that the United States cannot afford to be worn down by Soviet persistence. In spite of the fact that we are a democracy, we must be just as dogged over a long term as the Soviet Union. If it should be decided that we are not capable as a country of dogged determination, we should review our whole foreign policy in order to make sure that, in view of our inherent psychological weakness, it might be better for us to return to isolationism and abandon a policy in world affairs which we are not capable of carrying out.

B. Comments with regard to Paragraph 17 suggesting that certain powers be given to the Commander of the United States Naval Forces in the Mediterranean.

1. It is the opinion of the Office of Near Eastern and African Affairs, in view of the attitude taken by the Army and Air Forces with regard to this paragraph, and in view of certain organizational difficulties inherent in the proposed set-up, that this paragraph should be materially altered or perhaps omitted.

2. The Departments of the Army and Air apparently feel that it would be inopportune for a naval officer with headquarters on a battleship, acting under the directions of another naval officer in London, to be given the responsibility for making recommendations direct to the United States Government concerning our over-all military policy with regard to Greece and other areas in the Eastern Mediterranean. They feel that the Greek problem is primarily a land and air problem and that it would be unfair to hold a naval officer not established in Greece responsible for making the recommendations upon

which American military policies with regard to Greece would be based. In view of this initial feeling, there is a danger that friction might develop which would work against the effectiveness of the proposed arrangement. It might well be possible, however, without the matter being handled by the National Security Council, for the Department of State and the Navy Department to arrange informally for direct exchange of views on over-all military matters affecting the Eastern Mediterranean between the Admiral in command of the Mediterranean fleet and the Department of State.

C. Comments with regard to Paragraph 18 providing for the appointment of a forceful individual of outstanding reputation, with diplomatic experience and talent, to serve as a senior representative of the United States and the director of all United States activities in Greece.

1. The Office of Near Eastern and African Affairs is convinced that the international interests of the United States would be served if the recommendations contained in this paragraph could be put into force. It is clear that the Greek problem has become primarily a military and a political problem rather than one of reconstruction and economic development. It would therefore be helpful if we could have as the senior American representative in Greece an Ambassador to whom would be attached the best military advisers obtainable. The Griswold Mission, while continuing to operate as an autonomous unit, should, nevertheless, look to such Ambassador for leadership, and the Ambassador, on his part, should give the Griswold Mission, the importance of the success of which must not be under-estimated, his full support.

2. The difficulty in connection with the carrying out of the recommendations in this paragraph arises from the personality of Governor Griswold. There is a danger that Governor Griswold might prefer to resign rather than to acknowledge that the American Ambassador to Greece is his leader. The resignation of Governor Griswold might have a bad political effect domestically and may even give rise to unfortunate repercussions with regard to our European recovery program.

3. In view of the difficulties involved, we are inclined to believe that it would be preferable for the National Security Council not to include Paragraph 18 as drafted, but to leave the solution of our representational problem to the President and the Department of State. In place of the present draft, there might be substituted a recommendation to the effect that every proper and possible effort be made to strengthen our representation in Greece, both with regard to form of organization and quality.

L[ox] W. H[ENDERSON]

711.68/1-948

Memorandum by the Deputy Director of the Office of European Affairs (Thompson) to the Director of the Office of Near Eastern and African Affairs (Henderson)

TOP SECRET

[WASHINGTON,] January 9, 1948.

I have been unable to discuss with Mr. Hickerson¹ your memorandum to the Secretary on the report to the National Security Council on "The Position of the United States With Respect to Greece". The following are my own views:

I understand that the proposal in paragraph 15 is meant to be a decision that we are willing to take the necessary steps successfully to achieve our objectives in Greece even though this should involve the sending of United States forces to Greece. Such a decision of our willingness to send troops would be a high-level decision within this Government which would not be communicated to the Greeks or anyone else outside this Government. If this is correct, I would agree that such a decision is desirable if it can be obtained, but I believe that it must be made clear that any decision actually to send troops can only be made in the light of all the circumstances existing at that time such a decision is required.

The use of the words "indirect aggression" in paragraph 15 leaves considerable latitude for interpretation. I do not believe the use of our forces would be advisable except in a case where the aggression was very thinly disguised.

I agree with paragraphs B and C of your memorandum.

LLEWELLYN E. THOMPSON

¹ John D. Hickerson, Director of the Office of European Affairs.

Policy Planning Staff Files, Lot 64-D563

*Memorandum by the Legal Adviser (Gross) to the Assistant Director of the Executive Secretariat (McWilliams)*¹

TOP SECRET

[WASHINGTON,] January 9, 1948.

Subject: "A Report to the National Security Council by the Executive Secretary on the Position of the United States With Respect to Greece", January 6, 1948

ANALYSIS

With reference to the material under the heading "Analysis" contained in the Report, the following comments are made:

After stating in Par. 9, p. 5 that recognition of the "First Provisional Democratic Government of Free Greece" by Albania, Yugo-

¹ Addressed also to Dean Rusk, Director of the Office of Special Political Affairs; this memorandum is Annex C to PPS/18, p. 21.

slavia, or Bulgaria would constitute an open disregard of the resolution of October 21, 1947 of the General Assembly of the United Nations", the Report adds:

"Such recognition, combined with the U.N. Balkan Commission's report charging assistance to the Greek guerrillas by these three nations, might be regarded as evidence of armed attack against a member of the United Nations, justifying action under the terms of Article 51 of the UN Charter. Military aid to the illegal 'free' government would be more convincing evidence of armed attack against the legal Greek Government.

"10. If evidence is established by a responsible source, such as the UN Special Balkan Committee, that non-Greek nationals in significant numbers are participating in hostilities on Greek soil against the recognized Greek Government, as envisaged in paragraph 8c [and that such non-Greek nationals came into Greece with the support or connivance of other governments] such participation would definitely constitute armed attack under Article 51 of the Charter of the United Nations and could be dealt with accordingly." (Insertion of the words in brackets is suggested by SPA.)

Le does not consider that the conclusions in the above quoted indented material are legally sustainable.

While "recognition" of the Greek guerrillas as a government might well be an illegal act under international law, such an act alone would not constitute an "armed attack". Moreover, the giving of "military aid" to the guerrilla government would not constitute an "armed attack", save in exceptional circumstances, such for example as the furnishing by the Yugoslav Government of military supplies to Greek guerrilla personnel in Yugoslavia and the directing the use of the supplies by such personnel in the rebellion against the Greek Government at Athens. Finally, the service of non-Greek volunteers in significant numbers against the recognized Greek Government, even when such volunteers come into Greece "with the support or connivance of other governments", as suggested by SPA, would not constitute an "armed attack", unless those volunteers operated under the direction and control of an outside government, such as the Yugoslav Government.

An "armed attack" within the meaning of Article 51 of the Charter of the United Nations must of necessity refer to an attack by one state, with military force, against another state, whether with or without a declaration of war. Regular armies are not requisite for "armed attack"; the operation of irregular forces may equally produce "armed attack". The critical factor is employment and direction by the foreign state of force against the state claiming to be under "armed attack".

In the foregoing paragraphs the point has been made that an interpretation of Article 51 would be unsound which regarded recognition, military aid, or acquiescence in the service of non-Greek volunteers

as "armed attack" within the meaning of the Charter. It should also be pointed out that if this interpretation, regarded as erroneous, were to be adopted it might cause the United States serious embarrassment in other analogous situations. For example, it might create an unnecessary opportunity for criticism of the American Lend-Lease program during World War II. It might result in a commitment on the part of the United States to take action pursuant to the Inter-American Defense Treaty signed at Rio de Janeiro in cases where it had never previously been contemplated that the contracting parties must take collective measures of military self-defense. It is also entirely possible that in other circumstances than those presented by the Greek case, the United States may in the future find itself loath to regard more recognition, military aid, or acquiescence in service of foreign volunteers as armed attack within the meaning of Article 51 of the Charter.

CONCLUSIONS

The following comments are made with reference to the "Conclusions" of the Report:

Although certain action by the Soviet satellites (such as recognition) may not be regarded as "armed attack" within the meaning of Article 51, that conclusion does not deprive Greece of the right to defend herself against aggression in forms other than "armed attack"; similarly, that conclusion does not deprive the United States of the right, independently of the Charter, to assist Greece, at her request, in repelling aggression. And the assistance may include employment of armed force in the defense of Greece.

It is suggested that in paragraph 14 the words "short of aggression on its part" should be inserted after the words "most effective". Assistance by the United States to Greece in repelling aggression that took the form of internal Communist movements would not justify "armed attack" or other aggression by the United States against, for example, Yugoslavia. In the event of actual "armed attack" by Yugoslavia against Greece, there would be no question of aggression on the part of the United States in taking military measures to repel that "armed attack".

And it is suggested that the words "and requests such assistance from the United States" should be added in paragraph 14 after the words "such Communist aggression" at the end of the sentence. This change would bring the paragraph into conformity with the 1946 General Assembly resolution concerning the stationing of troops by United Nations members in non-enemy territory.

The sentence would thus read:

"The United States should, therefore, make full use of its political, economic and, if necessary, military power in such manner as may be found most effective, short of aggression on its part, to prevent Greece

from falling under the domination of the U.S.S.R. either through external armed attack or through Soviet-dominated Communist movements within Greece, so long as the legally elected government of Greece evidences a determination to oppose such Communist aggression and requests such assistance from the United States."

It is also suggested that the words "the spirit of" in paragraph 15 before the words "the Charter of the United Nations" be deleted.

711.68/1-948

Memorandum of Conversation, by Mr. David LeBreton, Jr., of the Division of Greek, Turkish, and Iranian Affairs

CONFIDENTIAL

[WASHINGTON,] January 9, 1948.

Participants: His Excellency Huseyin Ragip Baydur, Ambassador of Turkey

A-A—Mr. Armour¹

GTI—Mr. LeBreton

The Turkish Ambassador spent more than three quarters of an hour with Mr. Armour this afternoon, during which he took up various aspects of United States policy in the Eastern Mediterranean, with special reference to Greece and Turkey.

The Ambassador opened the conversation with the remark that he had received a telegram from the Ministry of Foreign Affairs at Ankara instructing him to ascertain the State Department's current views toward the Greek situation since the establishment of the so-called "Government" of General Markos Vafiadis.

Mr. Armour replied that the Government of the United States was greatly concerned about this situation and realized that if the Markos junta were recognized by any of several foreign powers the consequences would be serious in the extreme. He pointed out that our policy had been clearly stated in Mr. Lovett's memorandum of December 30, which was released to the press and transmitted to our missions abroad for the guidance of American diplomatic representatives in replying to similar inquiries.² (This memorandum stated that "the establishment of a 'Provisional Democratic Government of Free Greece' was a transparent device, the true purpose of which was clear to everyone and which was only a phase of the familiar effort of certain elements to overthrow the legitimate recognized Greek Government and to threaten the territorial integrity and political independence of Greece." The Statement went on to say that if other countries recog-

¹ Norman Armour, Assistant Secretary of State for Political Affairs.

² See telegram 2076, December 30, 1947, to Athens, *Foreign Relations*, 1947, vol. v, p. 477.

nized the group there would be serious implications and such a move would be clearly contrary to the principles of the United Nations Charter.)

Mr. Armour then referred to General Livesay's³ announcement from Athens which was reported in the morning press, to the effect that 21 American Army officers would arrive shortly in Greece to advise the Greek Army in its operations against the guerrillas, and that a partial reorganization of the Greek Army would shortly be undertaken to provide for an infantry replacement pool, more machine guns and mounted artillery for increased fire power, and national Defense Corps units to free the regular garrisons now guarding towns for combat duty.

These two developments, continued Mr. Armour, taken in conjunction with the improved military situation around Konitza which had, temporarily at least, deprived the Markos junta of a fixed headquarters, justified at this point a certain degree of optimism.

The Turkish Ambassador next alluded in a very general way to the fundamental policy of the United States in dealing with the menace of Soviet aggression. In rather discursive preliminary remarks, he drew a parallel between the presently existing situation of the U.S. vis-à-vis the USSR and Great Britain's policy toward Nazi Germany just prior to the war. The danger, he said, is that the USSR may misjudge America's intentions, just as Hitler misjudged Britain's determination to go to war over Poland. If the United States were to make known in unequivocal terms its position in the Greek-Turkish matter, this would have a most heartening effect on the dissident anti-communist elements (which the Ambassador estimated to be in the vast majority) in the satellite countries of the Balkans. The burden of the Ambassador's rather rambling and digressive remarks was a plea that the United States demonstrate conclusively to the Soviets that we mean business.

Mr. Armour replied that this whole question was at present under very close study in this Department, in the Department of Defense, and other competent agencies of the Government. He expected that a clear-cut decision would be reached in the near future, at which time he promised to communicate with the Ambassador.

The Ambassador wondered if the recent announcement in the press that a thousand Marines were being sent to reinforce American naval units in the Mediterranean could be interpreted as meaning that we had decided to make a show of force in that area. Mr. Armour and Mr. LeBreton explained that so far as they knew, such a move was

³ Maj. Gen. William G. Livesay, Commanding General of the United States Army Group in Greece, which was part of the American Mission for Aid to Greece.

merely designed to bring up to normal strength the standard Marine complements of the naval vessels in these waters. "If, however, this step is interpreted in certain quarters as a show of force, so much the better," added Mr. Armour.

The Ambassador next launched into a general review of the program of United States assistance to Turkey. While he appreciated the fact that Public Law 75 was a tangible expression of America's common interests with Turkey, he could not forebear to express concern over the successive delays in implementing the program. The Turkish Government, he said, was doing everything possible to cooperate in the handling of the aid shipments. The General Staff had some time ago dispatched Army personnel to clear certain sections of the port of Istanbul, but to date not a single shipment had arrived. The Ambassador said that while the Turkish people have full confidence in the support of the United States, such delays were disappointing and naturally had an adverse effect on the morale of the Turkish government and people, who were constantly subjected to pressure of various sorts from the USSR. Mr. Armour and Mr. LeBreton endeavored to explain the causes of the delay and expressed the hope that before very long the aid cargoes would begin to arrive in quantity.⁴

The Ambassador wondered whether the decision to use Turkish ships so far as possible to transport these cargoes was related in any way to the delay. He said that he, personally, had opposed this idea on the ground that he felt Turkish crews were not sufficiently experienced in handling the type of equipment to be furnished under the program. He had been overruled, however, and the ships had been made ready and were awaiting word to proceed with the transfer. Mr. Armour surmised that this decision was probably based to a certain extent on considerations of American public opinion. Just as in the case of the European Recovery Program, it is important to the American public to know that the recipients of aid from this country are doing their utmost to help themselves. Mr. LeBreton added that another consideration was the savings that could be effected by the elimination of

⁴ In a letter of February 12, Secretary Marshall informed Secretary of Defense Forrestal that "The delay in the shipments of aid cargoes to Turkey is a source of great concern to the Department of State. . . . I am cognizant of the considerations which protracted the period of planning Turkish aid requirements. . . . Nevertheless, in view of the importance of the Turkish Aid Program to the effectiveness of our national policy, it is requested that the National Military Establishment take the most urgent action to bring the rate of shipments up to the maximum capacity of the Turkish ports and depots to receive them." (867.00/2-948)

Secretary Forrestal, in reply on March 24, stated that he concurred "entirely in your estimate of the importance of this problem and there is now every indication that the causes of delay have been overcome. . . . Actual shipments as compared with previous estimates have been retarded approximately 60 days. Substantial shipments to Turkey began in February; however, maximum capacities of the Turkish ports will not be reached until early May." (867.00/3-2448)

high shipping charges on American carriers, savings which could be applied to increasing the actual amount of equipment furnished under the program.

In preparing to leave, the Ambassador again remarked that America's interests and Turkey's interests are one. His Government wishes to cooperate with us in every way, but in so doing will expect to be treated as an equal and taken into full confidence regarding our plans and policies. He digressed briefly to mention the situation in early 1943 when, at the Adana Conference,⁵ the British brought pressure to bear on Turkey to come into the war. The Turkish Government agreed to do so provided it received sufficient military equipment to wage war against Germany, and provided further that the Turkish General Staff were kept progressively and fully informed of Allied operational plans. As finally drawn up, the list of equipment to be furnished Turkey was handed to the General Staff by Mr. Churchill without prior Anglo-Turkish consultation. The Staff found it acceptable, but there were no further conversations or discussions in the matter. The Ambassador said that in consideration of our mutual interests, such a situation should not be permitted to arise today. His Government would expect to be kept fully informed of United States policy in the Eastern Mediterranean.

Mr. Armour said that as soon as a decision was reached in the matter now under study, he would be pleased to inform the Ambassador fully and promptly.

⁵ For documentation on the conference between British Prime Minister Churchill and Turkish President Inonu at Adana on January 30 and 31, 1943, see *Foreign Relations*, 1943, vol. iv, pp. 1058 ff.

Policy Planning Staff Files, Lot 64-D563

Report Prepared by the Policy Planning Staff

TOP SECRET

[WASHINGTON,] January 10, 1948.

PPS/18

UNITED STATES POLICY WITH RESPECT TO GREECE

Problem: To Determine the Attitude Which Should Be Taken by This Department in the Forthcoming Discussions in the National Security Council With Respect to Greece

Facts Bearing on the Case:

1. Recent developments in the Greek situation, particularly the establishment of a so-called free Greek Government and the increased scale of guerrilla attacks against the legitimate Greek Government, have led to examination in the Staff of the National Security Council of future U.S. policy with regard to Greece. An effort has been made

to draft there a paper which could be submitted to the members of the Council. As a result, a paper has been prepared on the working staff level in the NSC and circulated to the various Departments. This paper is attached as Annex A.¹

2. In view of the large number of offices involved in this question in the State Department and of the wide variety and divergence of the opinions brought to light by these discussions it has not been possible to reach full agreement within the Department on the substance or language of such a policy paper. It has, therefore, not been possible for the State Department member on the NSC Staff to give final concurrence to the paper on the NSC Staff level.

3. Since this subject is on the agenda of an NSC meeting called for Tuesday, January 13, it is evident that there will not be time to reconcile these views on the Staff level before the Council meets. This means that the members of the Council will be called upon to discuss the matter without having before them an agreed NSC Staff paper.

4. For this reason there are presented below a recapitulation and discussion of the main issues still unagreed on the working level and a redraft of the NSC Staff paper, embodying the views of the Policy Planning Staff.

Discussion of Main Issues:

1. *The Sending of Forces to Greece.* It is on the question of what should now be decided concerning the possible use of U.S. armed forces in Greece that a divergence of views exists, primarily between Mr. Henderson and others, on the one hand, and the Planning Staff, on the other.

Mr. Henderson's views are set forth in his memorandum to the Secretary of January 9, a copy of which is attached for the sake of convenience, as Annex B.² The Policy Planning Staff recognizes that these views reflect long and intimate experience with this problem and the most intense concern that we should arrive at a courageous and sound solution. It recommends that they be given most careful attention and consideration.

Mr. Henderson considers it essential that we decide definitely at this time that we would be prepared to send armed forces to Greece or elsewhere in the Mediterranean if it should become clear that the use of such forces is needed to prevent Greece from falling victim to direct or indirect aggression. He feels that such a decision is indispensable now as a mark of our determination to see this thing through in Greece at all costs.

The Planning Staff has the fullest sympathy with Mr. Henderson's insistence on a firm and determined policy. It only questions whether

¹ The same as NSC 5, January 6, p. 2.

² See p. 9.

the dispatch of U.S. armed forces would necessarily be the most efficacious means of achieving the final objective and whether an advance decision to send troops, if things get worse in Greece, would be a sound and suitable way to express this determination. We agree on the job to be done; but we are not sure that regular U.S. forces are the proper tool. We do not deny that they *might* be. We do not preclude the possibility that U.S. armed forces might be able to play a useful and possibly decisive role at some specific stage and through some specific mode of employment. But we do not feel that we have, at the present time, an adequate basis on which to make this judgment. We do not see where we will get such a basis in the near future, unless changes are made in the present U.S. command set-up in Greece; for there is at present no one in Greece, or indeed in the whole Middle Eastern area, whom we would consider fully qualified, both by official status and by individual qualification, to make the sort of balanced and comprehensive recommendations which would be required. And it seems to us undesirable that we should attempt to make decisions in Washington, on matters of such gravity, merely on the basis of the usual telegrams and reports from a variety of sources, and of such recommendations as we may receive from time to time from individual officers, none of whose competencies covers the whole field with which we are dealing.

2. *The Command Problem.* It is for this reason that great importance attaches to the command relationships in Greece and the Eastern Mediterranean area. The NSC Staff paper (Annex A) states in paragraph 6 that "effective implementation of U.S. policy has also been hampered by lack of centralized control of American activities in Greece."

The Policy Planning Staff agrees with this opinion and feels that measures must be taken to improve the situation.

The NSC Staff paper sets forth, in Articles 17 and 18, the two suggestions which have been made for achieving this improvement. They are not mutually exclusive; but they could also be regarded as alternatives.

The first would assign to the Commander, U.S. Naval Forces, Mediterranean, authority to make recommendations to this Government regarding its policy on political-military matters and to promote the coordination of military activities in the whole eastern Mediterranean area.

The second would provide for the appointment of a qualified individual who would be senior U.S. representative in Greece and would combine the offices of Ambassador and of director of all U.S. activities in that country.

The Planning Staff sees merit in both suggestions and holds no strong opinion as to which is preferable. Much would depend, in either case, on the individual involved. But it is understood that the first has already been, in effect, rejected at higher level. The Staff is therefore recommending the second, which meets the views of the Army and Air Force and Mr. Henderson.

3. *The Applicability of Article 51 of the UN Charter.* There are two paragraphs in the NSC Staff paper which refer to Article 51 of the UN Charter as being applicable to certain situations which may arise on the Greek border.

The Legal Adviser of this Department does not consider the language of these paragraphs to be legally sustainable (His opinion³ is attached as Annex C.) The Staff is impressed with the arguments advanced by the Legal Adviser, and feels that these paragraphs should be omitted.

Recommendations:

The Planning Staff's recommendations for the paper which should be adopted by the National Security Council are embodied in the redraft of the NSC paper⁴ enclosed as Annex D. This redraft gives expression to the views of the Staff expressed above on the major issues; and it must be emphasized that it does not meet, in certain important respects, the views of Mr. Henderson and others.

The redraft includes a number of minor drafting changes over the original document. Most of these drafting changes can presumably be easily reconciled at staff level in the NSC when decisions on the major points have been taken.

The redraft is somewhat shorter than the original document.

³ *Ante*, p. 15.

⁴ *Infra*.

Policy Planning Staff Files, Lot 64-D563

Draft Report by the National Security Council on the Position of the United States With Respect to Greece

TOP SECRET

(POLICY PLANNING STAFF REDRAFT, JANUARY 10, 1948)

[Here follow the first five paragraphs as in NSC 5, page 2.]

6. The United States has declared its intention to aid Greece. It is now apparent that the aid program of the United States, which expires June 30, 1948, will not strengthen the Greek Government sufficiently to enable it to withstand Communist pressure without further

and more effective US aid. Effective implementation of US policy has also been hampered by lack of centralized control of American activities in Greece.

[Here follow paragraphs 7 and 8, as in NSC 5.]

9. Recognition of the "First Provisional Democratic Government of Free Greece" by Albania, Yugoslavia, or Bulgaria would constitute an open disregard of the resolution of October 21, 1947 of the General Assembly of the United Nations.

[Here follow paragraphs 10 and 11, the same, respectively, as paragraphs 11 and 12 of NSC 5.]

RECOMMENDATIONS

12. The President should consult with appropriate members of Congress to inform them of the changed situation in Greece and to seek assurances of the full support of Congress as a prerequisite for the successful implementation of the measures outlined below. He should make clear to these members of Congress that the decision to take a firm stand in Greece is based on overall political and strategic considerations. He should also emphasize that the measures contemplated will probably make necessary a strengthening of our military establishment in men, equipment, and facilities, involving appropriate measures to attain adequate personnel and equipment.

13. As the success of the present Communist attempts to overthrow the legitimate Greek Government would result in the destruction of the territorial integrity and political independence of Greece, the United States should, in accordance with the principles already approved by the National Security Council as indicated in paragraph 2 above, make full use of its political, economic and, if necessary, military power in such manner as may be found most effective to assist the Greek Government in ending Communist attacks.

14. Any decision to send United States armed forces to Greece within the framework of paragraph 13 above would have to be taken in the light of all the circumstances prevailing at the moment, and the following conditions, among others, would have to be met:

a. It would have to be clear that without the use of these forces Greek independence could not be preserved;

b. There would have to be reliable evidence, including recommendations from qualified sources, that these forces could be effectively employed to contribute to the accomplishment of the objective at hand;

c. The size of the force involved would be such that it could be reconciled with other commitments and obligations affecting our armed forces; and

d. There would have to be good prospects for the removal of the force within a reasonable time without prejudice to the objective for which it had been committed and without detriment to U.S. prestige.

[Here follows paragraph 15, the same as paragraph 18 of NSC 5.]

16. We should immediately take steps to strengthen the present U.S. assistance program to Greece. The following are some of the measures that could and should be taken:

a. U.S. representatives in Greece should be instructed to stiffen their insistence on Greek Government compliance with major United States requirements, fulfillment of which we consider really essential to the success of the program.

b. Assistance to the Greek armed forces should be increased to the extent necessary to cope with the guerrilla situation by reallocation of funds within the present aid program and by placing emphasis upon military assistance in future programs.

c. Legislation should be recommended for funds to compensate for expenditures under the present assistance program caused by such unforeseen emergencies as caring for Greek refugees evacuated from guerrilla-threatened areas, a one-third decrease in the Greek wheat crop by reason of drought, and the substantial recent rise in world prices.

d. Legislation should be recommended for extension of the present assistance program beyond June 30, 1948.

[Here follow paragraphs 17 and 18, the same, respectively, as paragraphs 20 and 21 of NSC 5, except that the last four words of paragraph 21 are omitted in paragraph 18; paragraphs 19 and 20, the same as paragraph 22 of NSC 5, except for minor language changes; and paragraphs 21 and 22, the same, respectively, as paragraphs 23 and 24 of NSC 5.]

868.00/1-948: Telegram

The Secretary of State to the American Mission for Aid to Greece

SECRET

WASHINGTON, January 12, 1948—7 p. m.

Gama 41.¹ For Griswold and Embassy. Destruction guerrilla forces and establishment internal security (further to Gama 718²) now have clearly assumed paramount importance as necessary preliminary for successful American aid to Greece. Until achieved *these aims should henceforth take precedence over any portions present program which do not directly support them. Dept. would therefore view favorably any program modifications you may recommend after re-examining Mission projects in terms of their furtherance, with least delay, of this basic objective.*

¹ Sent originally, also as Gama 41, on January 9. The additions in the January 12 version are italicized.

² Dated December 30, 1947, *Foreign Relations*, 1947, vol. v, p. 478.

Foregoing also underlies JCS directive to Livesay, copy of which being air pouched to you and Emb.

MARSHALL

Executive Secretariat Files, Lot 63-D351

Memorandum by the Director of the Policy Planning Staff (Kennan)

TOP SECRET

[WASHINGTON,] January 13, 1948.

Subject: Meeting of the National Security Council, January 13, 1948

Item 1—*The Position of the United States With Respect to Greece*
(NSC 5)

Consideration of the subject report by the Executive Secretary, dated January 6, 1948.

Mr. Lovett¹ stated that the Secretary of State was not able to be present but that he had discussed with the Secretary the document under reference. He said that the Secretary felt that the document ought to be re-worked; that it dealt in too abstract terms with the dispatch of troops; and that it contained no adequate appraisal of the likely consequences of the action envisaged, in Greece and elsewhere outside this country, and within this country as well. The Secretary felt that before we could make judgment on this subject we would have to have a definition of the purpose of any action involving armed forces, an assessment of what would be required in the way of forces and of what logistical support would be needed, an estimate of the probable effects on domestic economy and on public opinion in this country, and a judgment as to whether we would be prepared to accept these implications. With regard to the situation with respect to our representatives in Greece, the Secretary felt that we had enough advice at present on non-military phases of our action there; that for this reason we did not require any new civilian to head things up, as suggested in Article 18 of the NSC 5, and that representatives of all three armed services should size the situation up and make their recommendations.

Mr. Lovett explained that all this was predicated on the absence of any open aggression from the satellite side.

He concluded by suggesting that the paper be referred once more to the Staff of the National Security Council for further consideration there.

¹ Robert A. Lovett, Under Secretary of State.

This suggestion was accepted by the members of the Council. It was agreed that Articles 17 and 18 did not belong in the paper and should be omitted entirely.²

[Here follows a discussion of matters other than Greece.]

GEORGE F. KENNAN

Approved: Robert A. Lovett

Date: January 14th

² The Council's Record of Actions No. 22, January 13, states that the Council

"a. Directed the NSC Staff to study the report . . . by the Policy Planning Staff of the Department of State.

"b. Directed the NSC Staff to rework NSC 5 in the light of the Policy Planning Staff's report and the discussion at this meeting.

"c. Agreed unofficially that the Army, Navy, and Air Force would endeavor to send competent military men to Greece to survey the situation and report their findings and recommendations." (711.68/1-1348)

868.00/1-1448: Telegram

*The Chief of the American Mission for Aid to Greece (Griswold)
to the Secretary of State*

SECRET

ATHENS, January 14, 1948—6 p. m.

Amag 82. 1. Concur fully paramountcy restoration internal security. Mission has not and will not prejudice military success by insistence upon economic programs and reform measures that do not directly or indirectly support military effort.

2. Economic reforms and measures insisted upon by the mission, however, not only directly support but are indispensable to successful military campaign. In absence of such economic reforms and measures intensification of military campaign will impose excessive pressure on civilian economy with resultant virtual certainty of runaway inflation. Strongly doubt that civilian import program could be accelerated sufficiently, even if adequate dollar funds made available, to overcome absence of reforms and measures deemed essential by mission.

3. I believe and Livesay concurs possibility of Communist victory via military success bandits without invasion extremely unlikely as compared possibility victory resulting from economic breakdown and general popular rejection of present political and social structure. The strongest allies of the Communists at the moment are increasing prices, inflation and governmental inefficiency and malpractices of which the neglect of the refugees is a typical example.

4. I consequently do not interpret Gama 41¹ as requiring aban-

¹ Dated January 12, p. 26.

donment mission insistence upon economic and political reforms but as rather calling for even firmer insistence upon counter inflationary controls and other economic measures contributing to the military effort.

5. Believe further cutbacks beyond those given Amag 54² not possible.

GRISWOLD

² Dated January 10, 1948, not printed; but see footnote 5, *Foreign Relations*, 1947, vol. v, p. 479.

868.5151/1-1548: Telegram

Governor Dwight P. Griswold to the Secretary of State

[Extracts]

SECRET

ATHENS, January 15, 1948—6 p. m.

Amag 96. 1. Urgently recommend to meet critical situation here immediate and favorable decision by Department: First, authorizing conversion into sovereigns of two million dollars Greek gold at FRBNY and second, agreeing in principle to gradual repayment out of Greek foreign exchange of remainder of loan and conversion into sovereigns of gold so released, at such times and in such manner as Mission may recommend.¹

Sovereigns so acquired would be sold in accordance present conditions whereby prior approval of Mission for each gold sale is required and every effort made to limit gold sales to smallest amount possible. Drachma proceeds from gold sales placed in suspense account and to be either retired from circulation or used solely to help finance part of cost of larger army and additional refugee aid.

Prompt public announcement of decision should be made, preferably by Mission because of our relation to government.

.

6. As for future, we believe Greek Government now realistically undertaking to implement essential military and economic measures. In their unanimous judgment adequate reserve gold indispensable condition to degree of stability required for successful implementation of both military and economic measures. Mission endorses their judgment and regards it extremely inadvisable to gamble whole success

¹ The Department of State and the Treasury Department approved the recommendations in this paragraph on January 17 and suggested that the Bank of Greece communicate with the Federal Reserve Bank of New York regarding details of conversion and repayment (telegram Gama 84, 868.51/1-1548).

of aid program and Mission on ability to control situation without gold sales.

7. Embassy concurs fully and most strongly.

GRISWOLD

868.00/1-1648

The British Ambassador (Inverchapel) to the Secretary of State

TOP SECRET IMMEDIATE

WASHINGTON, January 16, 1948.

PERSONAL

DEAR MR. SECRETARY: The Prime Minister tells me on Mr. Bevin's¹ behalf that the latter would like to be in a position to speak about Greece in the Foreign Affairs Debate in the House of Commons on January 22nd on the following lines:

Britain has given a guarantee to Greece² and we have already shown in 1940 and since that we honoured our obligations towards Greece. Our guarantee covered the existing frontiers of Greece and our assumption at the end of the last war had been that all four great European powers would co-operate in maintaining inviolate the frontiers of Greece as of other Allied countries. If, however, Soviet policy was now based on the assumption that Greek frontiers were not inviolable, and if the Soviet Union and its satellites continued to foment civil war in Greece, then it was necessary to warn them publicly that they were playing with fire. In particular, such a warning should be addressed to Tito and Dimitrov,³ who should be reminded that, just as we had fought Hitler in defence of human liberties, so we would take a firm stand now against any new attempt to dominate free and independent countries.

2. Mr. Bevin would, however, wish to be assured that in speaking on the above lines he would be supporting your own policy. For this reason he has asked me to seek guidance from you on the latest American thinking on the subject of Greece.

3. I am hopeful that you will be able to see me for this purpose on Monday next, as the day appointed for Mr. Bevin's speech is not now far off.

Yours sincerely,

INVERCHAPEL

¹ Ernest Bevin, British Secretary of State for Foreign Affairs.

² Made by former Prime Minister Neville Chamberlain in a statement to the House of Commons, April 13, 1939. See *Parliamentary Debates*, House of Commons, 5th ser. vol. 346, p. 13.

³ Josip Broz-Tito, Prime Minister of Yugoslavia and Secretary General of the Yugoslav Communist Party; and Georgi Dimitrov, his Bulgarian counterpart.

868.01/1-1648

Memorandum by the Director of the Office of Near Eastern and African Affairs (Henderson) to the Secretary of State

[WASHINGTON,] January 16, 1948.

Subject: Greek Views on Consequences of Recognition of Markos Junta

Since the announcement on December 23[24], 1947 of the formation by "General Markos" on a self-styled "Government of Free Greece", the Greek Government, through its Embassy here, has presented the Department with a series of memoranda expressing grave concern over the possibility of the imminent recognition of this rebel group by Soviet Balkan satellities and outlining various measures which it considers necessary for the preservation of Greek independence. Among the steps suggested are:

- (1) a public statement by the United States and Great Britain denouncing the Markos junta;
- (2) a public statement that recognition of this junta would be considered a breach of the peace and would oblige members of the United Nations to offer their assistance to Greece;
- (3) making available to Greece an aircraft carrier;
- (4) improvement of Greek airfields and the stationing of U. S. troops at nearby points in the area in preparation for possible United States armed intervention in Greece.

The attached memorandum,¹ which you read about ten days ago and which the Greek Ambassador was under instructions to hand you personally, confines itself mainly to reiterating the belief of the Greek Government that the size and equipment of its armed forces are insufficient and ends with the statement that the Greek Government intends to "invoke" Article 51 of the Charter and call for collective assistance to maintain its independence in the event that any country should recognize the rebel regime.

It is my understanding that you will shortly see the Greek Ambassador. In addition to your talk with him, you may wish to hand him the attached draft letter.² I think that the Greeks will not consider that it offers adequate assurances of our support, but it may be that you will wish to go no further at this time. It is important, however, that the Greek Government should not take any unilateral or ill-advised action vis-à-vis the United Nations or with respect to Article 51 of the Charter without adequate consultation with the United States and the United Kingdom Governments. Some formal step of this kind

¹ No. 163, January 2, from the Greek Ambassador, not printed.

² *Infra*.

by the Greek Government might commit us to a course of action which would not be in the best interest of Greece or of our own policy toward Greece.

L[OY] W. H[ENDERSON]

868.01/1-248

The Secretary of State to the Greek Ambassador (Dendramis)

WASHINGTON, January 19, 1948.

DEAR MR. AMBASSADOR: I have read with interest the memorandum transmitted to me under cover of your letter of January 2, 1948 (No. 163 [I 63])¹ and have given careful consideration to the views of your Government contained therein with respect to the situation created by the recent announcement of the formation of a guerrilla Communist "government" in Greece.

In the light of my Government's past and continuing interest in assisting Greece to maintain its territorial integrity and political independence, you may be assured that we are giving most urgent and serious study to the implications of this announcement, as well as to the position of the United States in the event that any country should extend recognition and assistance to the Markos junta. The views of this Government that any such recognition not only would be contrary to the principles of the United Nations Charter but would also have serious international implications have already been publicly stated. In addition, American representatives have transmitted these views to the foreign offices of Yugoslavia, Bulgaria and Rumania, as well as informally to appropriate officials in other countries.²

Since the despatch of your letter, as you know, an additional allocation of funds to the military program has been approved which will permit increases in the strength of Greek armed forces as requested by your Government. General Livesay and competent officers of his staff are conducting a detailed investigation to determine whether further measures or additional equipment are necessary in order that the Greek military establishment may be able to overcome armed rebels who are seeking to deprive Greece of its independence as a sovereign state. Under the circumstances, it is the opinion of my Government that the destruction of guerrilla forces and the early establishment of internal security are of paramount importance to the future of Greece, since they are the necessary preliminaries to any permanent recovery of the country. It is essential that all the efforts of Greece on the

¹ Not printed.

² See telegram 6, January 3, to Bucharest, p. 223.

political and economic levels should be concentrated on this objective. Patriotism of your political leaders and willingness of all Greek citizens to make the necessary sacrifices to achieve urgent economic reforms and political solidarity are required now as never before.

My Government is urgently exploring possible future steps which might be taken to meet changing circumstances, and I wish to assure you that any course of action which may be decided upon will be inaugurated only after consultation with the Greek Government. Also, in order that our policies should be completely coordinated, it is my earnest desire that the Greek Government give this Government the opportunity of prior discussion and exchange of views before initiating any new action in this regard either within or outside the framework of the United Nations.

Faithfully yours,

G. C. MARSHALL

868.00/1-1648

The Secretary of State to the British Ambassador (Inverchapel)

TOP SECRET

WASHINGTON, January 20, 1948.

DEAR MR. AMBASSADOR: I refer to your letter of January 16, 1948, quoting a statement with regard to Greece which Mr. Bevin contemplates making in the House of Commons on January 22. You point out that Mr. Bevin would like to be assured that in speaking along the lines indicated, he would be supporting our policies.

As I told you in our conversations of January 19, we are of the opinion that such a statement made at this time would be definitely helpful. Mr. Bevin will recall that on December 30 the Department issued a statement to the press pointing out the serious implications of any recognition of the Markos group. The statement made it clear that, in the opinion of this Government, not only would such recognition be contrary to the principles of the United Nations Charter but, if the country extending recognition were one of Greece's neighbors to the north, the act would constitute an open disregard of the recommendations contained in the resolution adopted by the General Assembly of the United Nations last October.

I would appreciate it if you would also tell Mr. Bevin that we have been giving careful consideration to the details of the course of action which we should follow in order to forestall a recognition by the Soviet satellites of the Markos group, as well as of that which we should pursue in case such recognition is granted. We shall inform you of these details as soon as they are worked out.

Faithfully yours,

G. C. MARSHALL

868.01/1-1048: Telegram

The Secretary of State to the Embassy in Greece

CONFIDENTIAL

WASHINGTON, January 20, 1948—6 p. m.

92. Grk Emb has officially informed Dept that Grks do not intend to take further action on protest to Yugos which latter rejected (Belgrade tel 44,¹ rptd Athens, Salonika, London, Paris and Sofia). You may inform Grk FonOff that current Grk position this matter accords with Dept's views. We consider no useful purpose would be served by pursuing this particular protest without further evidence that would bolster Grk argument which in original form appears weak.

Grk Emb has also stated that Grk Govt will not hereafter accept any protest except on routine matters from Yugoslav Chargé in Athens.

MARSHALL

¹ Dated January 10, 8 p. m., not printed; it reported that an officer of the Yugoslav Foreign Office had handed back to the Greek Chargé as "non-receivable" a note in which the Greek Government had protested the extension of press and radio facilities by the Yugoslav Government for dissemination of General Markos' proclamations (868.01/1-1048).

867.24/1-2348

Memorandum by the Acting Coordinator for Aid to Greece and Turkey (Wilds) to the Under Secretary of State (Lovett)

TOP SECRET

[WASHINGTON,] January 23, 1948.

In concluding that additional financial assistance should be rendered to Turkey under Public Law 75, the following are principal factors which have been considered:

The situation in Turkey today is not essentially different than it was at the time of enactment of Public Law 75. The program of modernization and strengthening the Turkish army cannot be completed with funds which have thus far been made available, although progress in this direction has been to the extent anticipated. Turkey's position vis-à-vis Russia remains dangerous. Continued American support of Turkey is essential to bolster the confidence of the people and to discourage Russian aggression.

The Survey Mission which was sent to Turkey concluded in its report of July 15, 1947 ¹ that the aid to be furnished under the present

¹ *Foreign Relations*, 1947, vol. v, p. 233.

program would be totally inadequate to assure that Turkish armed forces would be able, in case of an attack by Russia, to hold out until outside assistance could arrive. The Mission further found that the continuous economic burden of maintaining the army had resulted in curtailment of essential government services, reduction in current economic productivity and diminished potentiality for capital development necessary to raise the standard of living of the Turkish peasant and workman; and that if this situation prevailed for a further extended period it would have serious adverse effects upon Turkish capacity for resistance to armed aggression or infiltration of Communist ideas.

The Mission found that the determination, at that time so strong in Turkey, to resist Soviet aggression is directly in proportion to the ability the Turks feel they have to resist a Soviet armed threat, and that while the Turks would fight blindly and beyond all reason they are aware that Turkey with her present forces, unsupported by allies, could not defend herself for any appreciable time against an all-out Russian invasion.

It is evident that should direct American support of Turkey be discontinued at this time, the result would be an uncertainty and fear in Turkey leading to Communist pressures which our program in the first instance was designed to prevent. Future American support of Turkey could take the form of (a) a firm, public commitment to the Turks that their national integrity would be guaranteed by the United States, or (b) additional financial aid to maintain the strength of the Turkish fighting forces and the morale of the Turkish people so long as direct Russian aggression appears likely in the absence thereof. The obvious advantage of the latter is that our commitment would remain limited and flexible, and probably at the present time would be more acceptable to the Congress and the public. A failure to propose further aid to Turkey would be especially pointed because of the fact that we will be presenting a request for further substantial assistance to Greece both under the European Recovery Program and Public Law 75.

Another important factor is that in developing plans for the European Recovery Program it has been assumed that Turkey would be a contributor rather than a recipient of aid. This has been based upon the assumption that the Turkish economy would not be burdened by heavy military expenditures which would render impossible a favorable balance of international payments. In the absence of relief from this military burden the Turkish economy would not be in a position to contribute to the European Recovery Program; on the con-

trary Turkey would in all probability require extensive aid under that program.²

² Note, presumably by Mr. Wilds: "This discussed with Mr. Lovett 24 January. He accepted it as the basis for discussion with [Senator] Vandenberg and other Congressional leaders. Alternative (b) is the Department position subject to whatever modification might appear feasible after the foregoing discussion." The Department notified Ambassador Wilson at Ankara on January 22 that the "consensus here appears focused on further program of \$100 million along broad outlines present program with possibly increased allocation to air force portion." (telegram 33, identified also as Patsu 55, 867.00/1-2248)

868.01/1-1648: Telegram

The Acting Secretary of State to the Embassy in Greece

SECRET

WASHINGTON, January 23, 1948—noon.

113. Urtel 94 Jan 16.¹ We of course hope that coalition will continue and know you will do all you can to encourage Grks to this end.

Pls make clear also that we would regret any change in govt brought about by force or other unconstitutional means. Any such change might have adverse effects on Amer public opinion and consequently on Amer aid program for Greece. Political leaders might well be reminded that question of continued aid will probably be presented Congress.

LOVETT

¹ Not printed; it gave Chargé Rankin's view that the strain on the Greek coalition government was expected to increase and reported the widespread feeling in political circles that the coalition was an "unnatural and ineffective fusion of two jealous and incompatible groups held together only by US pressure." (868.01/1-1647)

868.20 Mission/1-2648: Telegram

*The Secretary of State to the American Mission for Aid to Greece*¹

TOP SECRET

WASHINGTON, January 26, 1948—9:01 a.m.

US URGENT

Personal for Griswold from Marshall. My estimate of American military assistance in Greece is that we need a more impressive personality at the head of the military contingent and I think this need is urgent. Also I believe the appointment of such a man would have a good psychological effect on the Balkan countries because inevitably it would arouse considerable comment back here in the United States.

It would be my view that Livesay should continue on the supply end but that the supply side and the military advice side should be under the type of officer I now suggest.

¹ This unnumbered telegram is described as "eyes only—most confidential".

I am proposing that Major General James A. Van Fleet, one of the outstanding aggressive fighting corps commanders of the campaign in Europe be nominated as a Lieutenant General and sent to you as soon as possible. Eisenhower² and his deputies concur with me in the desirability of this action. Incidentally Livesay's recent discussions with them were responsible for their feeling that the action I am now proposing should be taken. The President is also in favor of such action and will submit the nomination to Congress. Please let me have your reaction as quickly as possible.³

G. C. MARSHALL

² General of the Army Dwight D. Eisenhower, Chief of Staff, United States Army.

³ The Secretary of State informed the Embassy in Greece and AMAG, in a joint telegram on February 5, that Major General Van Fleet was "being designated by Army Department as Director of JUSMAPG and as Commanding General USAGG", with the rank of Lieutenant General. He noted that the appointment "is result of the recent developments of the military situation in Greece. Livesay is to concentrate on the problems of logistical aid. Van Fleet will be able to concentrate on the tactical situation." (No. 179 to the Embassy, numbered also Gama 194 to AMAG, 868.20 Mission/2-548)

Governor Griswold, on February 6, recommended approval of Major General Livesay's request to return to the United States "because of Greek psychology which will embarrass Livesay and make him ineffective in Greece." (telegram Amag 243, 868.20 Mission/2-648)

868.20/1-2948 : Telegram

Governor Dwight P. Griswold to the Secretary of State

TOP SECRET URGENT

ATHENS, January 29, 1948—1 p. m.

Amag 184. 1. After careful consideration I concur Livesay's telegram L-509 to Department Army¹ recommending immediate increase GNA ceiling to 150,000 and increase 25,000,000 dollars military aid program for balance fiscal year. I agree also time is of essence as army major offensive expected start mid-April. Our primary aim for coming months must be to clear up guerrilla situation. Unless bandit groupings decisively broken next six months political and economic conditions Greece likely so deteriorate as to jeopardize accomplishment American objectives. Inflationary effect proposed increase GNA ceiling not too serious as it involves added drachmae expenditure this fiscal year of only 12 to 15 billion. I consider therefore essential meet Livesay's request.

2. Program involves immediate call-up and training 15,000 men and when training completed strengthening existing units and increasing their fire power including better armament mountain divisions not hitherto adequately equipped. Training camps become vacant

¹ Dated January 22, not printed; this message was addressed also to the Department.

February 1 and important to utilize them when arms available at camps and before instructors dispersed.

3. It will not be possible to make further transfer of funds from civilian programs to military aid program furthermore, USAG[G] has already requisitioned nearly all items under original military program and recent authorized increases. There is no possibility therefore of accelerating last quarter expenditures and acquiring additional ordnance and supplies recommended by Livesay from present military aid funds. Incurring of obligations for such ordnance and supplies must await congressional appropriation.

4. On other hand sufficient rations and uniforms are physically available in Greece now to care for proposed call-up and training and this part of program could be put into effect at once without over-obligating present funds. However replacement such rations and uniforms and funds such purpose would of course be required before end of fiscal year.

5. Accordingly I request:

a. Immediate authority to increase GNA ceiling to 150,000. However, I would not feel justified in approving proposed call-up and training without assurance that a deficiency appropriation would shortly be made available by Congress. I urge therefore that Department seek immediate approval of appropriate congressional leaders, including appropriations chairmen, for procedure proposed and assurance that deficiency appropriation will be forthcoming.

b. Bill for deficiency appropriation to be submitted soonest to Congress in order that required ordnance and supplies may be shipped promptly and delivered Greece in time to reinforce forthcoming campaign. Department and Congress may wish include in one bill entire mission needs, civilian as well as military, for balance fiscal year to cover all recent and proposed increases military aid, refugee aid and general civilian needs. Funds required will not exceed 90 million dollars. Department can point out to congressional leaders that AMAG reconstruction, agricultural rehabilitation, public health programs have all been reduced since original presentation Congress. Only program increases are (1) 9 plus 15 plus proposed 25 million dollars for military aid necessitated by changing military conditions and (2) increased use AMAG funds for imports (under even a reduced overall import program) necessitated by increased world prices, loss of expected 10 million post UNRRA funds, and less Greek foreign exchange than anticipated from remittances, etc., and exports, latter primarily because of bad world markets for tobacco and olive oil. Clay² left TWA January 29 with detailed data and justifications.

² Eugene H. Clay, Economic Adviser to the American Mission for Aid to Greece.

Colonel Bass already in Washington with all military budget and equipment details and General Harper³ leaving February 5 to report to Department Army.

6. Must enter caveat regarding total financial needs balance fiscal year; impossible state now whether Markos groups will be furnished or ostensibly furnished with aircraft which might require increase Greek airforce.

Please pass Department Army.⁴

GRISWOLD

³ Maj. Gen. A. M. Harper, Deputy Commanding General of the United States Army Group in Greece.

⁴ Secretary of the Army Royall in a memorandum of January 23 to George C. McGhee, Coordinator for Aid to Greece and Turkey, concurred in General Livesay's request (868.20/1-2348). No immediate action was taken, however, and on February 21, Governor Griswold renewed his request to the Department (telegram Amag 347 (868.20/2-2148)).

Editorial Note

In accordance with NSC Action No. 22 (see footnote 2, page 28), Admiral Souers submitted to the National Security Council a second draft paper on "The Position of the United States With Respect to Greece". This paper, dated February 2, 1948, not printed, was numbered NSC 5/1.

Mr. Henderson, in a memorandum of February 10 to Mr. McWilliams, gave his views on NSC 5/1. He made three major comments as follows:

1. "I regret that the paper does not contain a clear and definite statement that the United States should decide now that, with the consent of the Greek Government, it will send troops to Greece if necessary to prevent Greece from falling under Soviet domination. Such a decision may be made under Paragraph 10 in the 'Conclusions'. However, that paragraph registers hesitation and indecision and is weakened by Paragraph 12, which calls for further submission of comments and recommendations [by the Department of State, the Joint Chiefs of Staff, the National Security Resources Board and the Central Intelligence Agency] 'as a necessary basis for any decision of the United States to use military power'. I believe that a clear-cut decision should be taken now and that further study should be directed to the best means of implementing the decision in case of need";

2. "During the past few weeks we have received increasingly alarming reports from many sources regarding preparations being made by the Soviet satellites to furnish greater assistance to the Greek guerrillas. Taken together, these reports foreshadow the possibility of a serious assault in a few months time. The assault might well be so strong and so speedy that we would not wish to delay our own action

while awaiting action by the UN General Assembly. In my opinion, it would be well to redraft Paragraph 13 in order that there can be no doubt that if Greece should appear to be in urgent danger we should assist with force. As now drafted, this paragraph provides that the United States respond to any recognition of the Markos group merely by seeking UN action. I should prefer to see it stated that we should take direct action, including possibly the despatch of American troops to Greece, or, alternatively or concurrently, appeal to the UN General Assembly, the nature of the moves to be determined by the circumstances at the time. The overriding consideration, of course, would be the degree of the military threat to Greece accompanying the act of recognition"; and

3. "The statement in Paragraph 7*d* to the effect that armed aggression by Soviet or satellite forces would justify military action under the provisions of the Charter of the UN might be taken to imply that a lesser aggression, such as the introduction of an international brigade as envisaged in Paragraph 7*c*, would not justify military action. We should not stand by while large foreign forces disguised as 'international brigades' are introduced into Greece, or while strong, well-armed and effective forces, even though not large, are being launched into Greece from the satellite countries. It is not the name but the fact which is important. I suggest, therefore, that the final clause of the second sentence of Paragraph 7*d* be stricken, this making it read: 'Such overt attack by troops of a foreign government would of course be an act of war against Greece'."

Paragraph 10 of NSC 5/1 read: "The United States should, therefore, make full use of its political, economic and, if necessary, military power in such manner as may be found most effective to prevent Greece from falling under the domination of the USSR either through external armed attack or through Soviet-dominated Communist movements within Greece, so long as the legally elected government of Greece evidences a determination to oppose such Communist aggression."

Paragraph 13 read: "If recognition of the illegal 'First Provisional Democratic Government of Greece' is accorded by Albania, Bulgaria or Yugoslavia, the United States immediately should take the position that such recognition constitutes an open disregard of the resolution of October 21, 1947 of the UN General Assembly. The United States should also take the lead in urging consideration of the matter by appropriate organs of the United Nations, possibly by a special session of the UN General Assembly. The United States should be prepared:

a. To propose that the UN call upon the governments extending recognition to withdraw such recognition within a designated period; and

b. If recognition is not withdrawn, to support a Greek request for a resolution calling on member states of the UN to render maximum assistance to Greece in any practicable way. Although such a resolution should not specifically mention military assistance, extreme care should be taken to insure that it does not preclude direct military assistance”;

Paragraph 7d read: “Armed aggression across present Greek borders by Soviet or satellite forces. Such overt attack by troops of a foreign government would be an act of war against Greece, justifying military action under the provisions of the Charter of the United Nations.”

Mr. Henderson concluded his memorandum with the statement that “NEA has not altered the views expressed in my memorandum to the Secretary of January 9. I hope, therefore, that that memorandum will be reviewed and will be taken in consideration by the members and staff of the National Security Council.”

NSC 5/2 and Mr. Henderson's memorandum of February 10 are found in the Executive Secretariat Files, Lot 63-D351.

890.00/2-448

Memorandum of Conversation, by the Chief of the Division of Greek, Turkish, and Iranian Affairs (Jernegan)

SECRET

[WASHINGTON,] February 4, 1948.

Subject: American Views on Creation of Eastern Mediterranean Bloc.

Participants: The Greek Ambassador—Vassili Dendramis

Mr. Armour—A-A

Mr. Jernegan—GTI

The Ambassador said that his Government had been thinking of the possibility of forming an entente among Greece, Italy, Turkey, and the Arab states. It was, however, uncertain whether circumstances were such as to make it possible for this bloc to produce any practical results. It seemed to the Greek Government that some form of leadership from the great powers would be necessary. It thought that perhaps the United States and Great Britain might give the necessary support and encouragement. The Ambassador mentioned the British guarantee of Greece in 1939 and suggested that possibly the United States could make some sort of similar declaration guaranteeing Greece and Turkey at the present time.

Mr. Armour replied that Mr. Tsaldaris had mentioned to him last summer ¹ the possible formation of an Eastern Mediterranean bloc but had referred to it as something quite far in the future. Frankly, Mr. Armour said, the Department had not given the matter sufficient study to be able to reply in any definite fashion to the Ambassador's remarks. There were many problems which would have to be studied in this connection. However, the United States would definitely welcome the development of closer relations between Greece and Turkey, Italy, and the Arab states. We thought it would be particularly well for Greece to develop her economic relations with those countries. The Ambassador agreed on this latter point saying that this could be done in any case whether or not it was followed by a political understanding and might prove a good preliminary to a political understanding. In reply to Mr. Armour's question, he said he believed there were good opportunities for economic contacts among the nations concerned, mentioning shipping especially in this connection.

With respect to the Ambassador's suggestion of an American declaration guaranteeing Greece and Turkey, Mr. Armour pointed out that the United States was already very closely linked to Greece and giving Greece great support. The Ambassador acknowledged this but said he felt the Russians were probing to see how far they could go without encountering real American resistance. The Soviet satellites were making preparations for further aid to the Greek guerrillas, preparations which might result in a serious attack. He thought it was important to give them clear warning of what they might expect. The Ambassador referred to his recent conversation with the Secretary during which the Secretary had informed him that our Government was preparing a plan of action and had said he would inform the Ambassador as soon as any definite decision was taken. Mr. Dendramis asked whether Mr. Armour could give him any further word in this respect. Mr. Armour said that the matter was being given the closest study by the Secretary personally but that he was as yet unable to add anything to the Secretary's previous remarks.

In reply to a question regarding the purpose of including the Arab states in a bloc with Greece, Turkey, and Italy, the Ambassador said that the latter three countries could exert their influence with the Arabs to prevent them from following an unwise foreign policy. He said the Arab states were all new and lacking in men with experience in foreign affairs. There was danger that they might be drawn into the Soviet orbit if careful attention were not paid to them. The more experienced statesmen of Greece, Turkey, and Italy could give them guidance. He added that the three countries might also serve as a

¹ On July 31, 1947; Mr. Armour's memorandum not printed (868.002/7-3147).

bridge between the Arab states on the one hand, and Britain and the United States on the other hand.

The Ambassador asked whether we had any information as to the British Government's ideas with respect to the inclusion of Greece in the Western European bloc recently proposed by Mr. Bevin. Mr. Armour pointed out that Mr. Bevin had made a very good statement, favorable to Greece, in his speech, to which the Ambassador replied that this was true but it had not been made in connection with the proposal to create a Western bloc. Mr. Armour said we had no information as to Mr. Bevin's thoughts in this regard but were quite sure that the British Government had the strongest possible interest in Greece. We supposed that Mr. Bevin intended to proceed gradually and had not intended in his speech to lay down the extent or limitations of his proposed bloc.

Mr. Armour asked whether the Greek Government was taking steps to increase its economic relations with the various countries of the Near East and especially whether progress was being made in settling the question of reparations with Italy. The Ambassador replied rather emphatically that the reparations question was still unsettled and that Greece must be able to get something concrete in this regard. He added that Greece was engaged in conversations on various other points with Italy, having reached an agreement with regard to the delivery of war criminals for trial, among other things. They were also in contact with Turkey and discussing the possibility of a customs union.

From the manner and general tenor of his remarks, it appeared that the main purpose of the Ambassador's visit had been to make a further attempt to determine just how far the United States was willing to go in support of Greece. It seemed that he was less interested in the question of an Eastern Mediterranean bloc as such than in suggesting a direct United States guarantee of Greece.

868.00/2-948

*Memorandum Prepared in the Department of State*¹

[WASHINGTON,] February 6, 1948.

STATEMENT CONCERNING GREEK-TURKISH AID

Since liberation Greece has been almost wholly dependent upon foreign assistance to meet her import requirements for the civilian economy and to equip the armed forces needed to cope with guerrilla

¹ Sent to Francis O. Wilcox, Chief of Staff of the Senate Foreign Relations Committee, by the Counselor (Bohlen) on February 9.

warfare. With the termination last year of UNRRA aid and assistance from Great Britain, Greece faced a critical situation which threatened collapse. It is certain that had it not been for the timely enactment by Congress of the American Aid Program there would have been a breakdown in the Greek economy and a collapse of the resistance by the Greek Army to the guerrilla bands, which would have resulted in domination of Greece by the Communists.

Even with American aid, however, the situation in Greece today remains critical. In planning our program of assistance it was hoped that the United Nations would be successful in cutting off foreign assistance to those forces in Greece attempting to overthrow the government by violence; however, such foreign assistance to the Greek guerrillas has, in spite of the United Nations' efforts, continued and has made it possible for their forces to be substantially increased. In consequence of this intensified military activity, substantial sums originally earmarked for reconstruction and development programs have necessarily been diverted to military purposes. Continued insecurity has retarded Greek production and trade, and has led to a serious condition of inflation, aggravated by large internal military expenditures. These acute difficulties have yet to be overcome, but it is clear that without the American program conditions in Greece would be much worse than they are.

Thus it can be said that while the economic recovery of Greece has been delayed, the aid program has been successful in the maintenance of Greece as a free nation and her continued alignment with the Western democracies. With American assistance the size and strength of the Greek armed forces have been substantially augmented, and they are now equipped to cope successfully with the guerrilla problem provided, of course, that foreign aid to the guerrillas is not substantially increased. In the meantime reconstruction projects and economic programs most effective under the circumstances, including counter-inflationary reforms, are being actively prosecuted with the assistance of the American Mission and a basis for further recovery has been laid which can become operative once the guerrilla menace has been eliminated.

While the Turkish economy is better off than that of Greece, the cost of maintaining a military establishment of adequate size to assure Turkish security, and of modernizing the forces to improve their combat effectiveness, is greater than could be borne without foreign help. Turkey is being subjected to considerable pressures by the USSR and American support is deemed essential to bolster the confidence of the people and to discourage foreign aggression.

In Turkey the determination to resist foreign aggression is directly in proportion to the ability the Turks feel they have to resist. While the Turks would fight desperately to maintain their independence and integrity they are aware that their armed forces, without assistance, are not sufficiently strong to defend Turkey for an appreciable time against an all-out invasion. Our program, which has been concrete evidence of the United States' determination to assist Turkey in her efforts to resist Russian pressures, has been highly successful in bolstering the morale of the Turks, and appreciable progress will have been made by the time the present program is completed in equipping the Turkish army so that it will be better prepared to meet any eventuality. Our major success, therefore, is that the determination of Turkey to resist communist pressures is substantially greater than would have been possible without American aid.

868.20/2-1148 : Telegram

The Secretary of State to the American Mission for Aid to Greece

TOP SECRET US URGENT WASHINGTON, February 11, 1948—7 p. m.
NIACT

Gama 224. Dept under extreme pressure hold aid request PL 75 fiscal year 1949 to absolute minimum.¹ Taking full account this pressure Harper recommends and Clay concurs Greek military aid requirements totaling \$245,066,555 exclusive administration, with breakdown as follows:

(1) Ground Force total \$201,245,000 including \$156,745,000 to project present program through 1949 plus \$25,000,000 FY 1948 deficiency and \$19,500,000 FY 1949 for increase size GNA to 150,000, and increase equipment.

(2) Air Force total \$32,151,555 including \$10,605,000 to project present program through FY 1949 plus \$21,546,555 to permit expansion Air Force essentially as follows: increase number fighter-bomber squadrons from 2½ to 6, increase number recon and transport squadrons from 1 to 2, increase number supply and transport squadrons from 1 to 2, improve air field support 4 fields and improve conditions at 3 fields, provide AA defense 7 fields, increase ceiling from 6,500 to 12,000 men, improve radio command net, improve logistical support, accelerate pilot training.

¹ In a memorandum of January 30 to Mr. Lovett, Ambassador Douglas and four high ranking officers of the Department, Mr. McGhee noted that after April 1, 1948, full reliance would be placed on the European Recovery Program as the source of funds for all economic assistance to Greece and Turkey and that requests for military assistance to the two nations for fiscal year 1949 would be sought under Public Law 75 (840.50 Recovery/1-3048). Lewis W. Douglas, the Ambassador to the United Kingdom, was in Washington to assist in the presentation to the Congress of the European Recovery Program.

(3) Navy total cost \$12,000,000 less \$330,000 administration or \$11,670,000 net, the total being cost projecting present Naval Program through fiscal year 1949.

For your information estimated administrative cost USAGG \$3,075,500, and Navy Group \$330,000. These estimates will be combined with estimates other administrative expense PL 75 and you will be advised and consulted further.

Advise whether you regard foregoing amounts estimated military programs exclusive administration would be adequate to support present US policy toward Greece and whether amounts stated are in your view the minimum amounts or might be further reduced without serious risks attainment policy objectives Greece. Since Dept will present appropriation request to Congress as soon after Feb 15 as Congress wishes, reply requested as matter of urgency.²

MARSHALL

² A similar telegram was sent to Ambassador Wilson on February 10 suggesting formulation of an alternative program totaling \$78 million for Turkish aid: "Air Force \$40 millions; Ground Force \$26 millions; Navy \$8 millions; Arsenal \$1 million"; and highway system \$3 millions. The Department solicited the Ambassador's views as to whether this program would be adequate to support the present policy toward Turkey, particularly since deliveries under the present program would carry into the following year (No. 66, Patsu 61, 867.00/2-1048).

In reply, on February 12, Ambassador Wilson expressed his regret concerning the proposed reduction as it would reduce the benefits from a program already at a minimum. He stated, however, that if the Department considered the reduction essential, then he concurred in the proposed breakdown. He noted also that the \$75 millions proposed for the armed services and Arsenal "will of course be of considerable assistance in supporting our policy towards Turkey." (telegram 121, Ustap 80, 867.00/2-1248)

Executive Secretariat Files, Lot 63-D351

*Report by the National Security Council to President Truman*¹

TOP SECRET
NSC 5/2

WASHINGTON, February 12, 1948.

THE POSITION OF THE UNITED STATES WITH RESPECT TO GREECE

THE PROBLEM

1. To assess and appraise the position of the United States with respect to Greece, taking into consideration the security interests of the United States in the Mediterranean and Near East areas.

¹ The National Security Council, on February 12 discussed NSC 5/1 (see editorial note, p. 39) and adopted a revision of the paper, printed here as NSC 5/2. Admiral Souers, in a memorandum of February 16, advised the Council that "The President has this date approved the conclusions contained in the reference report, and directs that they be implemented by all appropriate Executive Departments and Agencies of the U.S. Government under the coordination of the Secretary of State." (Lot 63-D351)

ANALYSIS

2. The National Security Council has concurred in the following:

" . . . ² The security of the Eastern Mediterranean and of the Middle East is vital to the security of the United States. . . . The security of the whole Eastern Mediterranean and Middle East would be jeopardized if the Soviet Union should succeed in its efforts to obtain control of any one of the following countries: Italy, Greece, Turkey, or Iran. In view of the foregoing, it should be the policy of the United States, in accordance with the principles and in the spirit of the Charter of the United Nations, to support the security of the Eastern Mediterranean and the Middle East. As a corollary of this policy the United States should assist in maintaining the territorial integrity and political independence of Italy, Greece, Turkey, and Iran. In carrying out this policy the United States should be prepared to make full use of its political, economic, and if necessary, military power in such manner as may be found most effective . . . It would be unrealistic for the United States to undertake to carry out such a policy unless the British maintain their strong strategic political and economic position in the Middle East and Eastern Mediterranean, and unless they and ourselves follow parallel policies in that area"

3. The President has stated to Congress, ". . . I believe that it must be the policy of the United States to support free peoples who are resisting attempted subjugation by armed minorities or by outside pressures . . . Should we fail to aid Greece and Turkey in this fateful hour, the effect will be far-reaching to the West as well as to the East. We must take immediate and resolute action. I therefore ask the Congress to provide authority for assistance to Greece . . ."

4. In Public Law 75, the 80th Congress of the United States states, ". . . The national integrity and survival of these nations (Greece and Turkey) are of importance to the security of the United States . . . " and by that law authorized military and economic aid to Greece to June 30, 1948.

5. a. As recommended by the National Security Council the President has authorized the expansion of U.S. military assistance to Greece to include the furnishing of operational advice to the Greek National Army; has recognized the necessity of diverting to military purposes a portion of the aid previously allocated to economic projects; and has agreed that strong recommendation should be made to Congress that assistance to Greece be continued beyond the expiration of the present program ending June 30, 1948.

b. The British have agreed to suspend withdrawal of British troops from Greece for the present.

6. Considerations affecting the Greek situation today are:

a. The guerrilla attacks continue.

² Omissions throughout this document as in the source text.

b. The UN Special Committee on the Balkans has found that the guerrillas are provided aid, supplies, and refuge by the neighboring Soviet satellite states.

c. UN Security Council action has been and will continue to be rendered ineffective by Soviet veto and other obstructionist tactics.

d. The efforts of the Greek National Army to defeat the guerrillas are hampered by lack of offensive spirit, by its defensive dispositions, and by political interference. With proper leadership and elimination of these handicaps the Greek National Army should be able to reduce the guerrillas to small roving bands, provided foreign aid to the guerrillas is not substantially increased. It is estimated that Greece cannot support the required military force after July 1, 1948 without foreign assistance. Assurance of future support is necessary for present planning.

e. The Greek Government rests on a weak foundation and Greece is in a deplorable economic state. There are general fear and a feeling of insecurity among the people, friction among short-sighted political factions, selfishness and corruption in Government, and a dearth of effective leaders. The people know that Greece, without resolute backing, cannot indefinitely resist the Soviet Union and they have no assurance that their country possesses such backing.

f. It is now apparent that the aid program of the United States which expires June 30, 1948 will not strengthen the Greek Government sufficiently to enable it to withstand communist pressure, unless further aid is forthcoming.

7. The possible courses of Communist action in Greece are:

a. The current pattern, which consists of armed opposition by Greek nationals to the established Greek Government, with aid and refuge furnished by the neighboring Soviet satellites. The leader of this armed opposition has recently announced the establishment of a "free state".

b. Recognition by the USSR or one or more of its satellites of the illegal "free" Greek Government, possibly accompanied or followed by action indicated in *c* or *d* below. Such recognition by Albania, Yugoslavia or Bulgaria would constitute an open disregard of the resolution of October 21, 1947 of the UN General Assembly.

c. Armed opposition to the Greek Government within the present Greek borders by non-Greek nationals, operating as guerrillas, as an international brigade, or in support of the illegal "free" government.

d. Armed aggression across present Greek borders by Soviet or satellite forces. Such overt attack by troops of a foreign government would be an act of war against Greece.

S. Alternative courses of US action in Greece are:

a. To end all aid or all military aid to Greece. This would eliminate for the brief present one point of conflict with the USSR, but such action would have serious widespread political repercussions in addition to its significance as one more advance under the limited objective strategy now pursued by the Soviets toward their objective of world-wide domination. It would mean that US objectives in Greece announced by the President had been abandoned. It would be a reversal of previously approved National Security Council action (paragraph 2) and mutual understandings with the British. It would almost certainly result in Soviet control of Greece. Results might be the collapse of resistance in Iran to external Russian pressure, and encouragement in Italy and France to internal Communist movements. The effect upon Turkey's will to resist Soviet pressure would be grave. Resistance to Communism by countries not now under pressure would be discouraged; the success of the European Recovery Program, if adopted, might be jeopardized; and the USSR would take further action to destroy our position on the Eurasian land mass. The British might decide to reconsider their present position in the Eastern Mediterranean and Near East. . . .

b. To continue and strengthen the present US assistance program to Greece, using all feasible means short of the application of US military power. Congressional action will be required for additional funds. This would not be as convincing to the Greek people as the course in *c* below and they may therefore work less energetically to save themselves. It is possible Greece will lose part of its territory, if not all, to a Soviet-dominated government. We could withdraw from Greece, avoiding armed conflict but suffering substantial loss of prestige. We would gain considerable prestige if the efforts of the Greek National Army prove successful; more forceful assistance later is not precluded; and the impact upon our domestic economy would be relatively slight.

c. To continue and strengthen the present type of aid to Greece, combined with one or more of the following uses of US military power:

- (1) Dispatch of a token armed force to Greece.
- (2) Employment in Greece of available US armed forces to take such action as is necessary to assist in preventing Communist domination of Greece.
- (3) Strengthening US military forces in the Mediterranean area, outside of Greece, at such places and in such manner as would be deemed most effective.
- (4) Initiation of partial mobilization within the United States as an indication of determination to resist Communist expansion.

The costs and consequences of these alternatives will be analyzed in a subsequent study.

CONCLUSIONS

9. Termination of all aid or all military aid to Greece is unacceptable in view of the consequences noted in paragraph 8 *a.* above.

10. The United States should, therefore, make full use of its political, economic and, if necessary, military power in such manner as may be found most effective to prevent Greece from falling under the domination of the USSR either through external armed attack or through Soviet-dominated Communist movements within Greece, so long as the legally elected government of Greece evidences a determination to oppose such Communist aggression.

11. As an interim step based upon the analysis in paragraph 8 *b.*, this determination should be immediately evidenced and implemented by:

a. Strengthening the present U.S. assistance program to Greece, using all feasible means short of the application of U.S. military power.

b. Conducting, with the consent of the legal Greek government, training flights into Greece by U.S. armed forces.

c. Actively combatting Communist propaganda in Greece by an effective U.S. information program and by all other practicable means,

12. As a necessary basis for any future decision to use US military power as visualized in paragraph 8 *c.*, the National Security Council Staff should obtain and correlate comments and recommendations from the following Departments and Agencies upon each of the courses of action enumerated in paragraph 8:

a. The Department of State

b. The Joint Chiefs of Staff

c. The National Security Resources Board

d. The Central Intelligence Agency

13. If recognition of the illegal "First Provisional Democratic Government of Greece" is accorded by Albania, Bulgaria or Yugoslavia, the United States immediately should take the position that such recognition constitutes an open disregard of the resolution of October 21, 1947 of the UN General Assembly. The United States should also take the lead in urging consideration of the matter by appropriate organs of the United Nations, possibly by a special session of the UN General Assembly. The United States should be prepared:

a. To propose that the UN call upon the governments extending recognition to withdraw such recognition within a designated period; and

6. If recognition is not withdrawn, to support a Greek request for a resolution calling on member states of the UN to render maximum assistance to Greece in any practicable way. Although such a resolution should not specifically mention military assistance, extreme care should be taken to insure that it does not preclude direct military assistance.

14. If the United States should become involved in any military action in Palestine, this would require consideration of these conclusions.

868.00/2-1348

Memorandum of Conversation, by Mr. William O. Baxter of the Division of Greek, Turkish and Iranian Affairs

CONFIDENTIAL

[WASHINGTON,] February 13, 1948.

Subject: Greek Proposal for Sealing Northern Frontiers.

Participants: Vassili Dendramis, Greek Ambassador

NEA—Mr. Henderson

GTI—Mr. Baxter

The Greek Ambassador called today at his request and, after referring to a previous conversation in which he had expressed the view of the Greek Government that steps should be taken to seal up the northern frontiers of Greece as a prerequisite to overcoming the guerrilla threat, presented the attached letter and memorandum¹ embodying a brief plan to accomplish this purpose.

The proposal provides that the northern borders of Greece should be divided into 13 frontier sectors. An observation headquarters, which would be established in each sector, would be in charge of several strategically located observer teams. These observers would be responsible for (a) the collection of useful data pertaining to guerrilla plans of operation and (b) any immediate action necessary to "foil" such operations. The memorandum does not make clear who would take the initiative in organizing such a force but the objective underlying the proposal is evident in the statement that under certain circumstances this border patrol would "become the nucleus of an international or American force which would replace the observers." The memorandum further states that this observation plan would be "independent" of the present UNSCOB observation plan but, at the same time, indicates that UNSCOB might consider this plan under paragraphs 8 and 11 of the General Assembly resolution establishing the Special Committee.

¹ Former dated February 12; the latter, undated. Neither is printed.

Mr. Henderson thanked the Ambassador for submitting this plan and explained that it would, of course, need to be given careful study in the Department. As the memorandum makes no mention of the size of such a border patrol, Mr. Henderson asked if there were any indication of the numbers which the Greek Government thought necessary. The Ambassador implied that, although a large force would be desirable, the Greek Government considered that the minimum number of personnel for each unit would be 25 to 35 men. In this connection it was pointed out to the Ambassador that the Department had thought of an observation group of approximately the same size at the time of the creation of UNSCOB but that financial and practical difficulties had been so great that it had seemed impossible to recruit and put in the field a larger number of men than is presently attached to UNSCOB for observation functions.

868.20/2-1448 : Telegram

The Acting Chief of the American Mission for Aid to Greece (John B. Howard) to the Secretary of State

TOP SECRET URGENT
NIACT

ATHENS, February 14, 1948—5:18 a. m.

Amag 287. Reference Gama 224.1 Reference Paragraph 1. Greek ground force military aid requirements for fiscal year 1949 totaling \$201,245,000 exclusive administrative considered not adequate due to current increase of cost of rations to 60 cents each with expected additional increases. Recommend additional minimum requirement of 10,000,000 be added for increase in cost of ration.

Reference Paragraph 2. Unable to recommend on sufficiency of \$21,546,555 for proposed expansion because it is not known what costs have been included. For example have cost of rations, clothing and medical, ordnance and signal equipment been included?

Consider estimate for ground force military program as amended above exclusive administrative adequate to support US present policy toward Greece, and further consider the amounts stated are minimum.²

¹ Dated February 11, p. 45.

² In reply, on February 16, the Department stated that "Your full \$248,472,055 program for Armed Forces is being presented to Bureau of Budget. In view however of overall budget problems, Department must also present an alternative \$200,000,000 program. A full explanation will be given of difficulties anticipated on military, economic and political fronts if amount is reduced below \$248,472,055, and final determination of amount to be requested from Congress will be made by Bureau of Budget." The reply stated also that all costs were included in the \$21,546,555 (telegram Gama 238, 868.20/2-1648).

Reference Paragraph 3. Reply will be made as soon as additional information received by Navy Group has been analyzed.

HOWARD

86S.00/2-1648

*Memorandum by the Coordinator for Aid to Greece and Turkey
(McGhee) to the Under Secretary of State (Lovett)*

SECRET

[WASHINGTON,] February 16, 1948.

Subject: Relationship between Greek-Turkish Aid Programs and
ERP

Further discussion with interested Department officials has resulted in the following policy recommendations on the above subject, which supersede those contained in my memorandum of January 30th.¹

(1) After April 1, 1948 or upon exhaustion of present funds earmarked for economic purposes, full reliance be placed on ERP as source of funds for all economic assistance to Greece and Turkey including all Aid Mission administrative expenses in Greece covering the economic area, assuming ERP is authorized and has funds before that date. If ERP funds are not available reliance be placed on whatever interim arrangement is made for meeting deficits of other European countries.

(2) Requests for military assistance for Greece and Turkey for deficiency for fiscal 1948 and for fiscal 1949 be sought under P.L. 75 at the earliest opportunity.

(3) Concurrent with the expected resignation of Governor Griswold as Chief of the American Mission for Aid to Greece on June 30, 1948, the U.S. Ambassador of Greece at that time be appointed Chief of the Aid Mission under P.L. 75 and the military aid groups come under his jurisdiction.

(4) The Department seek at the same time to have the Ambassador to Greece be named ERP representative in Greece, reporting in such capacity to the ERP Administrator in Washington. It is believed worthwhile in attempting to achieve this objective that Greece be presented by the Department as a special case requiring closer coordination by the Ambassador than in any other ERP country.²

(5) The Ambassador to Greece be capable of exercising not only the functions of an Ambassador but those responsibilities now exercised

¹ Not printed; but see footnote 1, p. 45.

² Marginal notation by Mr. Lovett on February 17: "Talked with Douglas who says no exception should be asked now; matter is one for ECA and clearance then. L"

by Governor Griswold which cannot be delegated to the ERP representative or the senior military representatives without sacrifice of effectiveness of the total aid program.

(6) The Ambassador to Greece be given a staff to service common ERP and P.L. 75 activities coming under his jurisdiction. P.L. 75 and ERP contribute to the expenses of this staff in proportion to the service these programs derive from it.

Editorial Note

Loy W. Henderson, on February 18, 1948, delivered an address on "The Greek Situation" before the Kentucky Women's Action Committee Forum at Louisville, Kentucky; for text, see Department of State *Bulletin*, February 29, 1948, page 272.

Ambassador Dendramis discussed the Louisville speech with Mr. Henderson on February 20, stating that the speech "had been very well received in Greece, but that the Foreign Minister had queried him about one point which disturbed him, namely the statement at the end that if the Greeks should themselves falter 'it would be extremely difficult for the United Nations or any member of the United Nations to save Greece . . .' In his query, Mr. Tsaldaris had connected this remark with a memorandum recently handed by Generals Livesay and Rawlins to the Greek General Staff saying that the guerrilla situation must be liquidated within six or seven months. Did all of this mean, Mr. Tsaldaris asked, that American policy had changed, that the United States had relaxed its determination to see the Greek situation through?

"Mr. Henderson replied that there was no change in policy at all so far as the United States Government was concerned. However, he wished, once again, to speak 'very frankly' to the Ambassador on this subject. He had deliberately inserted the sentence in question in his speech because he wished to remind the Greeks very forcibly that they must not lay down on the job and simply wait for American military assistance. The impression was gaining ground among American correspondents and other American observers in Greece that there was a trend in this direction. Obviously it would be very difficult to induce the American people to go on helping Greece if they felt the Greeks were not doing everything in their power to help themselves." (Memorandum by Mr. Henderson, 868.20/2-2048.)

Major General S. B. Rawlins was Commander of the British Military Mission in Greece.

Editorial Note

For the views of the Policy Planning Staff on the Mediterranean area, with particular reference to Greece and Italy, see Section IV of PPS 23, February 24, 1948, volume I. The conclusion reached in this paper was "that our policy with respect to Greece and Italy, and the Mediterranean area in general, should be based upon the objective of demonstration to the Russians that:

(a) the reduction of the communist threat will lead to our military withdrawal from the area; but that

(b) further communist pressure will only have the effect of involving us more deeply in a military sense."

868.00/2-2648: Telegram

The Secretary of State to the American Mission for Aid to Greece

TOP SECRET US URGENT WASHINGTON, February 26, 1948—7 p. m.

Gama 298. Pursuant Administration decision based on full consideration all factors including budgetary exigencies SecState today requested Congress by letters to President Senate and Speaker House¹ to appropriate total \$275 millions further aid Greece and Turkey under PL 75 for period through FY 1949. Breakdown this total only for purposes planning and justification before executive sessions Congressional Committees \$200 millions Greece and \$75 millions Turkey. Department retains complete flexibility to reallocate as programs develop. Important this breakdown not at any time be released to press or revealed to either Greek or Turkish Govts. Breakdown \$200 million Greece as follows: Ground Force \$173,360,000; Air Force \$14,640,000; Navy \$12,000,000. National Military Establishment recommended apportionment not formally received but understood corresponds approximately to foregoing.

Mission and backstop administration included in \$275 million although will not be separately presented to Foreign Relations and Foreign Affairs Committees.

Hearings before HRC Foreign Affairs should begin by Monday March 1.

In view foregoing Dept proposes defer decision proposal Amag 347² re increase GNA ceiling to 150,000 and immediate call up 15,000 men pending appraisal reception by Congress total aid request. Since provision for increase GNA ceiling in preliminary Harper proposal

¹ These identical letters of February 26 not printed; for text of letter to Senator Vandenberg, see Department of State *Bulletin*, March 7, 1948, p. 298. The *Bulletin* erroneously dates this letter February 28.

² Dated February 21, not printed; but see footnote 4, p. 39.

\$248 millions (Gama 224 ³) not covered by present request to Congress, you will doubtless wish review with Van Fleet whole question GNA increase. Proposed amendment PL 75 raises appropriations authorization from \$400,000,000 to \$675,000,000; provides for RFC advance up to \$50,000,000; provides for appointment mission personnel subject subsequent clearance FBI; covers certain points detail military and civilian government personnel and their travel and per diem allowances. Copies transmittal documents being airpouched.

Notify immediately Greek Government of fact and total amount of request to Congress but of course give no indication specific amount to Greece.⁴

MARSHALL

³ Dated February 11, p. 45.

⁴ The Department telegraphed Ambassador Wilson on February 26 that it was seeking \$75,000,000 for Turkish aid as follows: "Ground Force (including arsenal) \$29 million; Air Force \$36 million; Navy \$10 million." It also instructed him to notify immediately the Turkish Government of the fact and total amount requested for Greek-Turkish aid but give no indication of a specific amount for Turkey (No. 84, Patsu 65, 867.00/2-2648).

The Secretary of State, on March 5, notified AMAG that in the course of open hearings on the Greek-Turkish Aid Program by the House Foreign Affairs Committee he had found it necessary to mention the breakdown of \$200,000,000 for Greece and \$75,000,000 for Turkey but had stressed that such allocations were tentative and for planning purposes only. He directed the Mission to emphasize to Greek officials the "illustrative nature of these figures since Dept continues desire to retain full flexibility in reallocating funds as programs develop." (Gama 350, repeated to the Embassies in Greece and Turkey as Nos. 278 and 97, respectively, 868.00/3-548.)

868.00/2-2048

Memorandum by Mr. William O. Baxter of the Division of Greek, Turkish, and Iranian Affairs to the Director of the Office of Near Eastern and African Affairs (Henderson)

SECRET

[WASHINGTON,] March 2, 1948.

Subject: Greek Request for Joint Anglo-American-Greek Staff Talks.

When the Greek Ambassador called on you recently he left a letter addressed to the Secretary enclosing a memorandum ¹ suggesting early consultation by the American, British, and Greek military staffs to clarify allied plans for the use of Greek forces or Greek territory in the event of the outbreak of large-scale hostilities. It is stated that the Greek General Staff has decided to oppose any aggression with all its capabilities, and has since last September worked out a plan of defense, one item of which is based on the assumption that the Greek Army will need ultimately to rely on allied assistance which it anticipates

¹ Letter No. 353 and memorandum, both dated February 20; neither printed.

will be forthcoming in view of past assurances. The Greek Government considers it a matter of urgency that a common plan of action should be worked out in order that preparations for eventual implementation can be made.

Mr. Maclean of the British Embassy informed me that a similar communication was made in London by the Greek Ambassador and that the Foreign Office expressed the hope that no reply would be made to the Greeks prior to an exchange of British and American views on this subject. I assured Mr. Maclean that we would discuss this matter with the British Embassy before making any reply. Mr. Maclean also informed me that the initial reaction of the Foreign Office was distinctly unfavorable.

This Greek memorandum is another indication of the Greek preoccupation with the distant future to the exclusion of the immediate problem in hand, that of overcoming the guerrillas in the shortest possible time. Recent telegrams from Athens underline the fact that many Greek officials are obsessed with the idea of getting the United States so deeply committed in Greece that it will be unable to withdraw if the Greeks themselves lie down on the job. If you agree, a reply will be drafted to the Greek Ambassador after discussion and correlation of views with the British Embassy stating th[at] this Government does not consider the time appropriate for such consultations as those suggested by the Greek Government and reiterating our view that all efforts of the Greek high command at the present time should be concentrated on the urgent problem of restoring internal security to Greece. If the guerrilla threat cannot be eliminated within the next few months it may be academic to discuss the role of Greece in any future major conflict. Copies of the memorandum and of our reply would be circulated for information and comment to all appropriate offices of the Department and agencies of the Government.

868.00/2-2748 : Telegram

*The Secretary of State to the Embassy in Greece*¹

SECRET US URGENT

WASHINGTON, March 3, 1948—7 p. m.

271. Embtels 361, 362 and 363 of Feb 28 [27] and 29 [28]² re possible Grk Govt changes and Sophoulis succession considered at joint NEA-U/GT conference Mar 1 prior Clay's departure and US attitude as outlined therein approved. Among suggestions discussed for

¹ Sent jointly to the American Mission for Aid to Greece as Gama 333.

² None printed.

strengthening executive functions Grk Govt was proposal for appointment new high ranking Cabinet member with executive authority to assure effective administration and coordination of policies formulated by Party Chiefs Sophoulis and Tsaldaris.

Gratifying indications in reftels of increasing Liberal-Populist co-operation regarded as encouraging hope that two Party leaders might be led to understand importance of avoiding crisis and of limiting Cabinet changes to those mutually deemed desirable to ensure continued and more efficient working of coalition and more effective collaboration with AMAG.

Full memo³ on conference being airmailed. Before you initiate any action, would appreciate your comments on feasibility proposals mentioned therein and usefulness of further concerted approach to Sophoulis and Tsaldaris along lines suggested.

MARSHALL

³ Memorandum by Leonard J. Cromie of the Division of Greek, Turkish and Iranian Affairs, not printed. Mr. McGhee sent a copy of the memorandum to Governor Griswold on March 5. His transmitting letter stated, in part: "We feel it is particularly important that any necessary changes in the Government should be effected by the Greeks themselves by mutual agreement between the two Coalition leaders and without direct American pressure. It is also most desirable that any initiative in bringing the two leaders together should remain in your own and Mr. Rankin's hands and that it should not 'leak' and be misinterpreted as another instance of American intervention in Greek internal affairs." (868.00/3-548)

868.00/3-448: Telegram

The Chargé in Greece (Rankin) to the Secretary of State

CONFIDENTIAL

ATHENS, March 4, 1948—9 p. m.

401. Mavrogordatos¹ asked my opinion last night about current program of security arrests being undertaken here. Apparently another series of arrests are in prospect, and he hoped that we would not be alarmed. I said that I thought such arrests were quite necessary and justifiable as long as they were not of "mass" variety and as long as people were not held for considerable periods of time without trial. He assured me that there would be no "mass arrests", that entire affair would be most carefully conducted, and that Prime Minister Sophoulis was taking responsibility for immediate release of any persons arrested who were found to be innocent.

Sent Dept 401, repeated London 40.

RANKIN

¹ Michael Mavrogordatos, Under-Secretary to Greek Prime Minister Sophoulis.

Editorial Note

For an analysis of the refugee problem in Greece by Harry N. Howard of the Division of Research for Near East and Africa, see Department of State *Bulletin*, March 7, 1948, page 291.

868.00/3-448 : Telegram

The Secretary of State to the Embassy in Greece

CONFIDENTIAL

WASHINGTON, March 9, 1948—6 p. m.

293. Embtel 401 Mar 4. Your reply to Mavrogordatos approved and, if no objection perceived, you might so inform Grk authorities. At same time you might also point out usual unfavorable publicity would be minimized if press were immediately given background details justifying individual arrests as they occur. Authorities must have these details if arrests are warranted, and there would seem no legitimate reason withhold them from public.

Matter discussed here informally with Grk Emb as well as subject 300 leftists, condemned early 1945 for murders during occupation and civil war, reported by MA in MID 97 Feb 27 to be slated for early execution in small groups. Grk Emb's attention directed to unfavorable Bigart¹ report on recent execution members this group and consequent *Machi* protest which led to editors' arrest. Bigart emphasized no public explanation given for long delay in carrying out sentences rendered during "wave of reaction" or reason present "abrupt decision". Emb's attention also called to fact that atrocious crimes of persons executed, as reported MA's reftel, insufficiently publicized to reach American press.

Dept assumes executions delayed three years because condemned fascist collaborators likewise not executed and that present action taken to counteract charges of "softness" against Liberal Cabinet element. Whatever the explanation, in evaluating executions now, US opinion will probably be disturbed by facts that crimes were committed during occupation and civil war anarchy, that sentences were handed down during period post civil war reaction, and that long postponement of executions gave reasonable implied promise to condemned and families of commutation to life imprisonment. US and world opinion also likely draw political parallel, however unjustified, between Grk executions and those in Iron Curtain countries (see Sofia's tel 19 Feb 25 to Athens²).

¹ Homer Bigart, correspondent in Greece of the *New York Herald Tribune*.

² Sent to the Department as No. 249, not printed.

Dept does not wish interfere with administration Grk justice and fully understands necessity for firm policy towards communists. It is merely suggested that if Grk authorities decide proceed with executions in this instance that they be prepared offer explanation for decision which will satisfy world public opinion.

MARSHALL

868.00/3-1248 : Telegram

The Secretary of State to the American Mission for Aid to Greece

CONFIDENTIAL

WASHINGTON, March 12, 1948—7 p. m.

Gama 398. For Emb and AMAG. ERP bill now being debated in Congress has provision which would make available immediately upon enactment \$1 billion for interim expenditures under Act prior to passage related appropriations bill. Hoped that legislation will be enacted first half April.

2. In preliminary and exploratory conversations, Dept is informing representatives of participating countries amounts tentatively scheduled for planning purposes for each emphasizing that no commitment can be made at this time, and that discussions should be begun immediately relating to (a) bilateral agreement and (b) program of first quarter requirements for which Greek representatives informed tentative Greek figure \$55 million.

3. While discussions mentioned para 2 above will in case of most countries be held primarily in Washington, Greek representatives informed in view special nature of Greek program Dept will look to Mission for programming first quarter's requirements, and that agreement will probably be negotiated in Athens.

4. Dept's views on scope of agreement with Greek Govt will be telegraphed after consultation here with Howard. Basis on which \$55 million figure was determined, including data on availabilities, etc. will be telegraphed soonest to serve as guide to AMAG in preparing tentative program in collaboration Greek Govt.

MARSHALL

868.00/3-1648

Memorandum of Conversation, by the Assistant Chief of the Division of Greek, Turkish, and Iranian Affairs (Baxter)

SECRET

[WASHINGTON,] March 16, 1948.

When the Greek Ambassador called today at his request, Mr. Henderson took the opportunity to inform him that, with regard to a recent Greek request for joint military staff consultations, it is the Department's view that the time is not appropriate for such con-

versations. Such consultations at this time would in our opinion have little practical advantage and might merely serve to confuse the public mind as to the most acute problems requiring urgent and early solutions. It seems to us that all the national energies of Greece should be concentrated at this time on eliminating the guerrillas. The Greek Ambassador should realize of course that we are seriously concerned about the situation in Greece but that it is merely one part of a much larger picture. The long-term problem of European and Mediterranean security must fit into a pattern which cannot be created piecemeal overnight. Furthermore, there is no possibility that military talks could be kept secret, and Mr. Henderson pointed out the danger that Greece's northern neighbors might seize upon them as a pretext to take overt action against Greece. Mr. Henderson did not preclude the possibility that changing conditions in the future would modify our present views, and assured the Ambassador that all of these related problems are under constant study.

The Ambassador mentioned again the encouraging effect to the Greek people and the deterrent effect upon Greece's northern neighbors which would result from a guarantee by the United States alone, or perhaps jointly with France and Great Britain, similar to the British guarantee of Greek integrity given in 1940 at the time of the Italian invasion. In reply, Mr. Henderson pointed out that the views of this Government on the importance of maintaining Greek independence have been made abundantly clear during the past year by both words and actions. In addition to being committed to the Charter of the United Nations, whose principles are based on mutual respect for the independence of member nations, the United States has taken the lead in supporting Greece in the United Nations and in extending substantial assistance through Congressional legislation. We do not feel that we can go any further at this time.¹

¹ Greek Foreign Minister Tsaldaris, on March 15, left with Ambassador Caffery, at Paris, a paper in which he raised questions relating to a possible joint statement by the American, British and French Governments guaranteeing the integrity of Greece and to the initiation of confidential talks between the American and British General Staffs on Greece (telegram 1362, March 15, 7 p. m., from Paris). The Department replied on March 18, in telegram 877, along the lines set forth in Mr. Baxter's memorandum. The telegraphic exchange with Paris is filed under 868.00/3-1548.

868.00/3-1648

The Secretary of State to the Chairman (Vandenberg) of the Foreign Relations Committee, United States Senate

WASHINGTON, March 18, 1948.

MY DEAR SENATOR VANDENBERG: During the hearing yesterday on the proposed aid for Greece and Turkey, the question was asked me,

"Should Italy fall under Communist control, what would be the effect on the European Recovery Program generally, and what would be the effect on Greece and Turkey, particularly in relation to the proposed aid program?"

Knowing the spirit and feeling of the Italian people, I cannot believe that in a free and fair election the Italian people would abandon their liberties and vote in favor of a régime controlled by the Italian Communist Party which has openly declared its opposition to the European Recovery Program, and therefore to the American aid which is to make that recovery possible. Should the Italian Communists seize power in Italy by illegal means, this would create a situation seriously affecting the security of the United States and it would compel a reexamination of all of our recovery programs and the entire European situation.

I feel that we cannot afford to postpone action upon the Greek and Turkish program pending the outcome of the struggle now taking place in Italy. On the contrary, we must make clear to the Greek people that they have our support in their heroic efforts to maintain their independence. Also we must demonstrate to the Turkish people that they, too, can continue to depend upon our assistance.

Faithfully yours,

G. C. MARSHALL

S68.00/3-2248

The Ambassador in Yugoslavia (Cannon) to the Secretary of State

SECRET

No. 272

BELGRADE, March 22, 1948.

[Received April 2—10:20 a. m.]

SIR: I have the honor to present an analysis of the Yugoslav Aid Program for the Greek guerrillas as it has developed over the last three months, since the proclamation on December 24, 1947, of a "Provisional Democratic Government of Free Greece" (PDGFG), together with the views of this Embassy concerning the importance of the aid furnished and the significance of the program in determining the present political relationship between the Yugoslav Government and the Markos junta.

Reference is made to this Embassy's Despatch No. 247, March 12,¹ which presented, primarily, an estimate of the military aspects of this aid; the present Despatch is intended more as a review of the political implications of the Yugoslav Aid Program. The Embassy's study of this Program has persuaded it that the following conclusions are fully justified by such evidence as is now available:

(1) That the Yugoslav Government is furnishing aid and assistance to the Greek guerrillas at the present time *economically*, through its

¹ Not printed.

Committees of Assistance; *diplomatically*, by its semi-official attentions to various Markos agents; *militarily*, through logistical and other support; and in the field of *public opinion*, by the extension of its propaganda facilities.

(2) That these acts in the aggregate come close to a *de facto* recognition of the PDGFG.

(3) That this aid and assistance amount to a flagrant violation of the General Assembly Resolution of October 21, 1947, which called upon Yugoslavia (and Albania and Bulgaria) “. . . to do nothing which could furnish aid and assistance to the said guerrillas;” and “. . . to cooperate in the settlement of their disputes by peaceful means”

(4) That both the present volume of this aid and assistance, and the inherent possibilities for their expansion, require international cognizance and remedial action as necessary adjuncts to the military campaign of the Greek Government against the guerrillas and to the overall settlement of the threats against the political independence and the territorial integrity of Greece.

Part I of this Despatch is a review of this Yugoslav Aid Program. Part II is an analysis of the significance of the aid furnished. Part III develops certain conclusions which follow from Parts I and II.

[Here follow Parts I, II, and III.]

CAVENDISH W. CANNON

§68.20/3-2448 : Telegram

Governor Dwight P. Griswold to the Secretary of State

SECRET US URGENT

ATHENS, March 24, 1948—7 p. m.

Amag 522. I urgently request immediate authority to authorize temporary increase overstrength of GNA for period of six months as soon as availability drachmae funds can be worked out with Greek Government, involving as it must reductions in other Greek expenditures. Anticipated \$200 million appropriation would permit permanent increase GNA ceiling by 8,000. We propose instead of such permanent increase a temporary overstrength of 15,000 for period of six months to permit call-up and training of 45,000 younger class recruits in 32-month training groups. Basic training centers for 15,000 presently available and adequate supplies on hand so no immediate dollar commitments in excess existing appropriation involved in case delay availability new appropriation.

This immediate call-up necessary to provide adequate replacements GNA and replacements NDC reservists so far as possible. Entire GNA presently committed with no replacements available. If call-up promptly effected first group new recruits would be trained and available for units before end of June.

NDC composed reservists mostly family men ages 30 to 38. While army morale excellent, NDC morale not so good because of family responsibilities and feeling of resentment that junior classes without family attachments have not been called up. Greek Government anxious for call-up young recruits and in addition to strictly military need for replacement purposes the announcement of new call-up would have substantial morale value with government, with people and with army, especially NDC.

Van Fleet telegraphing urgent request JCS and I urge promptest action by Department.¹

Please pass Department Army.

GRISWOLD

¹ The Department, on March 26, approved Governor Griswold's proposal, indicating also the concurrence of the Department of the Army (telegram Gama 482, 868.20/3-2448).

Athens Post Files, Lot 59-F48

*The Director of the Office of Near Eastern and African Affairs
(Henderson) to the Chargé in Greece (Rankin)*

TOP SECRET

WASHINGTON, March 25, 1948.

DEAR KARL: For your background information I am sending along copies of the formal statements of Secretary Marshall,¹ Mr. McGhee and Major General Harper² to the Senate Foreign Relations Committee on the Greek-Turkish Aid Bill. You will note that Secretary Marshall's and Mr. McGhee's statements are unclassified. Major General Harper's is secret.

During subsequent top secret, informal testimony, when questioned by members of the Committee regarding the eventual despatch of American troops to Greece, Secretary Marshall said that while we might eventually consider sending a token force to Greece or B-26's to Athens, the difficulty lay in the fact that, under heavy Soviet pressure, such forces would either have to be "backed up" or withdrawn "ignominiously". The Secretary added that he was under the same pressure now as when he was Chief of Staff to apply American strength at once in various parts of the earth. He was obliged to resist many of these pressures, however justifiable and understandable, since it was necessary to conserve our very limited strength and apply it only where it was likely to be most effective.

¹ None printed.

² For the statement made by Secretary Marshall before the House Foreign Affairs Committee on March 3, 1948, on the extension of aid to Greece and Turkey, see Department of State *Bulletin*, March 14, 1948, p. 346.

Questioned on the same subject, Major General Harper replied that while he could not speak for the Department of the Army, he would personally be much opposed to sending any American combat troops to Greece and that he thought the commitment of any important American forces to Greece would be a "mousetrap" operation from the strategic viewpoint. This applied to the entire Mediterranean, he said, as a possible theater of operations.

Although no final, top level decision has been made here on this matter as yet, I should say that the foregoing remarks are characteristic of the general line of thinking, which will make it clear to you why we cannot easily go along with the Greeks on their various suggestions looking towards the involvement of American troops. Naturally, it would be infinitely discouraging to the Greeks if they were aware of these views, and they should receive no inkling of them. An effort by Senator Lodge to put the Secretary on record as saying definitely that no American combat troops would be sent to Greece was successfully circumvented, and abandoned by the Senator after the ramifications were explained to him.

Prevailing sentiment against the commitment of important American forces in Greece does not, of course, absolutely preclude the possible use of force in some manner to discourage or resist overt aggression on a limited scale. Nor does it preclude the possibility that a full-scale attack against Greece would be regarded by the United States as grounds for a war which, though fought in other theaters, would eventually result in the liberation of Greece.

I know that it is most difficult for you to comment usefully on such proposals as that of the Greeks for joint staff talks without some background knowledge of high level politico-military thinking in Washington. It is for this reason that I am sending this information along in strictest confidence for your own guidance and that of your key political assistants to whom you may wish to communicate it.

With kindest personal regards,

Sincerely yours,

LOY W. HENDERSON

868.00/3-2648 : Telegram

Governor Dwight P. Griswold to the Secretary of State

SECRET

ATHENS, March 26, 1948—6 p. m.

Amag 536. International developments and especially Czech debacle,¹ President's speech March 17² and approaching Italian elec-

¹ For documentation on the Communist seizure of power in Czechoslovakia during the cabinet crisis of February 1948, see pp. 733 ff.

² For the text of President Truman's address before the Congress on the critical nature of the situation in Europe, see Department of State *Bulletin*, March 28, 1948, p. 418.

tions have altered considerably psychological factors effecting achievement mission objectives Greece.

Heretofore I have believed that crushing defeat bandits next few months would not only greatly improve actual economic conditions but also stimulate public confidence that Greek economy which is so dependent psychological factors at this time would take definite and permanent upturn. Today this does not appear wholly true. Greeks are increasingly fearful international situation and that US Soviet war may come with Greece a pawn which may be overrun. Reduction bandit menace to police proportions will obviously greatly improve national economic factors, but because of increased fear of international dangers will not create these psychological factors essential to sound economic rehabilitation to extent anticipated earlier. Anti-Communist success Italy and reduction northern pressure would of course greatly improve situation.

Internal military situation in Greece improving. Satisfactory military command setup established, necessary changes personnel progressing and important operations against bandits scheduled which should on military considerations be successful. Meanwhile GNA (Greek National Assembly [*Army*]) in north has become far more aggressive than in many months and has won important local operations especially Vermion-Pieria-Olympus area. It is noticeable that forcible recruitment by bandits has correspondingly diminished.

However, Department should be aware of following hazards: gold market under severest pressure not as a few months ago for economic causes but apparently because long range fear of war and overrunning of Greece. If gold market gets beyond control and especially if as consequence government falls military operations may be interfered with. Certainly morale of troops which except NDC (Amag 522³) now excellent would drop while bandit morale and offensive, spirit bandits and Fifth Column would increase. A second hazard will arise from necessary concentration of forces to crush bandit groups piece-meal. These concentrations will certainly result in bandit diversionary pressures elsewhere with, quite possibly, temporary successes having serious psychological reactions to Greece. A third hazard is that as interior bandits (by interior mean up to actual frontier zone) seriously threatened by GNA, foreign aid may be increased so that diversionary pressures might develop serious military and political as well as psychological consequences, especially if such diversionary action should succeed in capturing any town sufficiently large for "capital" Markos Junta.

³ Dated March 24, p. 63.

Impossible evaluate here rumors of activities in satellite countries. Logically it would appear most likely that if any overt assistance to be given guerrillas this will be by or via Albania with whom Greece claims technical state of war, who is not member UN and whose border touches Grammos where largest concentration guerrillas located. Would appreciate Department's thinking as to role AMAG and especially JUSMAPG officers should formal Albanian war develop and invasion by official Albanian forces.

In evaluating effect of international threat as opposed to bandit menace, it must be recognized that aside from the estimated 10 percent of population who desire Communist victory there are many others who are trying avoid taking side in present struggle fearing possible ultimate Communist domination country and desiring be with or at least not to have opposed winning side. I am inclined to doubt that invasion by Soviet or satellite would galvanize country into unity as did Italian invasion of 1940.

GRISWOLD

868.00/4-148: Telegram

Governor Dwight P. Griswold to the Secretary of State

TOP SECRET

ATHENS, April 1, 1948—4 p. m.

Amag 578. Occasional Greek comments and absence of pressure on gold market past 2 days indicates optimism as to Italian elections. If Italian election results favorable, conditions here should improve barring some adverse developments. If however Italian election results should be such as to be construed by Greeks as involving probable Soviet domination Italy, Department should be prepared for immediate adverse reaction in Greece, which might because of Greek attitude toward election easily develop into inflationary and political panic. While I do not anticipate any Communist uprising or immediate danger of Communists securing control of Greece, there would almost certainly be tremendous pressure on gold market and cessation of most private imports. In these circumstances, aggravated by Communist sabotage and terrorism and by increased demands for appeasement from such figures as Plastiras, Lambrakis and Tsouderos, the coalition government which is increasingly subject to internal strife would in all probability collapse under strain. Difficulties inherent in forming a new govt would add to confusion. Unless checked promptly, therefore, immediate psychological and resulting economic consequences of Communist victory or near victory in Italy could cause rapid deterioration of situation in Greece, with collapse of country and Communist control as possible end result.

Accordingly, possible action British mission and Dept during period immediately following Italian election should be agreed upon, advance with objective of minimizing adverse consequences here. Such action against any initial panic is of particular importance because it is anticipated that success in first major military operations against bandits not anticipated before end of April.

Following measures are recommended from a precautionary viewpoint:

1. I believe that I must have full discretion and authority to deal with whatever situation may develop, including such alteration of civilian program as I may think required to meet emergency.

2. Immediate reaction will be felt in gold market and I consider it of fundamental importance that this barometer of public confidence be held as stable as possible. In order to have gold on hand for this purpose, I urge that 2,000,000 Federal Reserve Bank New York be redeemed, converted into sovereigns and sent to Greece to arrive about April 10 unless intervening developments require earlier shipment; and if reaction here to election results adverse, that an additional 2,000,000 be sent immediately after election so as to demonstrate US confidence in Greece.

3. If Italian election unfavorable, Department should promptly issue calm and reassuring statement emphasizing particularly that sufficient food supplies will continue regularly to arrive in Greece. Department will have to take account in this connection of possible halt of private imports of food and other necessities into Greece and emergency substitution of government buying.

Will appreciate being informed Department views on situation Italian election and thinking as to development of appropriate courses of action in Greece.

GRISWOLD

865.00/4-348 : Telegram

The Acting Secretary of State to the Embassy in Greece

SECRET US URGENT

WASHINGTON, April 3, 1948—3 p. m.

411. Pls see Sophoulis and Tsaldaris immediately to discuss with them concern which Dept feels re Ital political situation, and to seek their help in this situation. You shd say this concern is particularly keen because of repercussions which results Ital elections Apr 18 will have in Eastern Mediterranean and Western Europe. For this reason, this Govt has joined with UK and French Govts in recent steps to support and assist present Ital Govt. These steps have undoubtedly been effective, but struggle is still close, and we feel strongly all appropriate efforts must be continued in critical pre-election period. It is

our belief, furthermore, that a Greek gesture of friendliness and generosity toward Italy would have most profound effect upon Ital people and contribute greatly to our common aim. As we see it, gesture would also contribute greatly to Greek plans for Mediterranean security and stability.

For these reasons, we wish to suggest that Greek Govt consider possibility of announcing at earliest possible date its desire to take lead in proposing general renunciation reparations from Italy. Announcement might explain that European economy has not developed as assumed at time of Ital treaty negotiations, that countries of Europe now face common economic crisis which can be resolved only by common economic recovery, which has now become possible through mutual cooperation to be undertaken through CEEC and ERP, and that in light these circumstances Greece is prepared, provided other recipient nations agree, join with them in waiving claims for reparations from Italy.

You shd point out that owing to present situation Ital economy, which like that of several other countries is dependent for survival upon US aid, this Govt has grave misgivings as to amount reparations which Italy can support, as well as eventual timing such reparations, since it would obviously defeat entire purpose present US policy if we were to permit US aid to Italy to be channeled off through reparations, which of necessity would include payments to USSR and Yugoslavia. You may also explain that we had considered several ways in which Ital reparations question might be raised at this time, and had reached decision that action by Greece would by far be most desirable and effective method, not only because of tremendous effect it would have in Italy, but also because this generous gesture by Greece would undoubtedly be received most enthusiastically by US public opinion and add immeasurably to good will of Amer people for Greece. You shd also inform Souphoulis and Tsaldaris secretly that we have some fear USSR may itself make some move toward renunciation Ital reparations in effort bolster political fortunes Ital Communist Party, and that in any event time is of essence if full effect of gesture is to be obtained.

In our opinion, this step offers unique opportunity (at, you may imply, no expense to Greece) to capture world sympathy for country, which in spite of its tremendous war losses and its equally grave post-war difficulties, is willing to take initiative in generosity toward neighbor at whose hands it has suffered but who is now striving to become part of democratic world resisting totalitarian pressures. It also provides singular opportunity for Greece assert European leadership in matter of common interest.

Dept fully cognizant of fact that Greek public may react violently to such announcement unless Greek political leaders have courage to take strong stand in leading rather than following public opinion, subordinating temporary national advantage to welfare of democratic world now threatened by totalitarian aggression. Any decision along lines suggested must be taken with wholehearted determination and presented to public as a positive contribution of a small but gallant nation, rather than a further sacrifice dictated by Great Powers. Credit due Greece for such generous gesture would largely be lost if move does not appear spontaneous and does not receive firm and enthusiastic support of whole Greek Govt. Greece gained world-wide admiration for her courage in defeating fascist Italy; and now has the opportunity of winning general sympathy for her courage in helping to maintain a democratic Italy.¹

LOVETT

¹ Ambassador Dendramis, on April 7, left with Mr. Baxter a telegram of the previous day, presumably sent to him by the Greek Foreign Office, which set forth Greek objection to the United States proposal (Mr. Baxter's memorandum, 740.00119 EW/4-748). Chargé Rankin, on April 8, reported similar objection by Messrs. Sophoulis and Tsaldaris (telegram 600, 740.00119 EW/4-848).

767.68/4-548 : Telegram

The Acting Secretary of State to the Embassy in Greece

SECRET

WASHINGTON, April 5, 1948—7 p. m.

415. 1. In connection Grk-Turk talks now being held Athens Grk Amb April 5 showed Dept proposed text preamble joint Grk-Turk declaration. If Dept approved this statement Grk Govt hoped we would indicate to Turk Govt that US favored declaration along lines indicated at this time.

2. Proposed preamble refers to consolidation of peace in Near East and to agreement that Greece and Turkey should act jointly to bring about closer collaboration among countries in Near East area. After stating that support this plan by "great democracies of West and especially Great Brit and US" is of primary importance, declaration continues that "parties concerned" will be approached without delay. General principles of collaboration will be submitted to Arab League with purpose seeking adherents its members "as soon as support of US and Great Brit is secured".

3. Grk Amb was reminded that during his talk with Dept on Mar 26 it had been indicated to him that in opinion of Dept a public expression of mutual cooperation and solidarity by countries in eastern Mediterranean might be helpful in present international situation. The character of moves in this direction would be for countries con-

cerned to determine and Dept does not wish to take initiative in this matter. Advance approval by Dept of such statement as proposed might imply US guarantee of Grk and Turk territorial integrity. Such guarantee would require high level decisions by all branches US Govt. However Amb could assure Grk Govt that we continue to regard security of eastern Mediterranean and Middle East as of vital importance to US security.

4. Several changes were informally suggested in wording proposed preamble¹ which Grk Amb said he would cable Grk Govt. If such changes are made, preamble would read somewhat as follows:

[Here follows the proposed preamble.]

5. In discussion with Grk and Turk officials you may state that a *rapprochement* between countries of eastern Mediterranean and Middle East which would bring about closer peaceful collaboration and which would contribute to security of area would be welcomed by Dept as beneficial development.

Sent Athens 415 and Ankara 164. Rptd London 1173; Paris 1093; Moscow 368.

LOVETT

¹ Mr. Henderson's proposed changes embraced primarily "the removal of particular reference to Great Britain and the United States" (memorandum of conversation by Mr. Baxter, 767.68/4-548).

890.00/4-848 : Telegram

The Ambassador in Turkey (Wilson) to the Secretary of State

SECRET

ANKARA, April 8, 1948—1 p. m.

303. Before deciding definitely whether advisable for me to approach Turkish Government on lines paragraph 5 Deptel 164, April 5¹ expressing view that US Government would welcome as beneficial development a *rapprochement* between countries of Eastern Mediterranean and Middle East "which would contribute to security of area" I suggest following for consideration:

1. As will appear from mytel 282 April 1² there is evidently difference of view between Turkish and Greek Governments re advisability Middle East pact. Turks feel any such "grandiose" conception would probably be unrealizable and even if realized on paper would have no actual value or effectiveness. They further feel that any such scheme might prove dangerous by seeming to give peoples of Middle East sense of security when in fact no added security would be provided; also might furnish Soviets and satellites excuse for stepping up

¹ The same as No. 415, *supra*.

² Not printed.

action against Turkey and Greece on grounds pact directed against them.

2. If we make approach suggested by Department, Turkish Government will undoubtedly inquire precisely what our reasons are for believing that such a pact would in fact "contribute to security of area".

3. In connection with paragraph 2 above, such fragmentary information as I possess re foreign policy of Arab States (insofar as these states may be said to have common foreign policy beyond their opposition to Palestine³ partition) indicates they would be reluctant to associate themselves with any large regional grouping and would prefer for time being at least to remain outside any such grouping. Certainly until Palestine question is resolved in manner acceptable to Arabs latter will not wish to participate in any East Mediterranean-Middle East regional arrangement under real or assumed Anglo-American aegis. Furthermore so long as present Arab suspicions of British Middle East policy, as exemplified by Iraq reaction to recent Anglo-Iraq treaty⁴ and Egyptian attitude toward UK⁵ continue to exist, Arabs are not likely to tie themselves up with countries so closely identified with British policy as Greece and Turkey. Moreover so long as dispute exists between Syria and Turkey over Alexandretta, Arab States will not be united in any policy of working closely with Turkey.

4. Another question Turkish Government may be counted upon to put to us should we make suggested approach, is exactly what military support US Government will be prepared to give countries composing East Mediterranean and Middle East group if formation such group results in military action against members thereof by Soviets and or satellites.

5. I should appreciate Department's comments on foregoing. If on further consideration Department believes it still advisable for me to make this suggestion to Turkish Government, I should like receive specific information on what can be conveyed to Turks as expressing views of US Government on points raised in paragraphs 2 and 4 above.

WILSON

³ For documentation on the situation in Israel, see volume v.

⁴ For documentation on this subject, see *ibid.*, under Iraq.

⁵ For information on this subject, see editorial note, *ibid.*, under Egypt.

868.00/3-2748 : Telegram

The Acting Secretary of State to the American Mission for Aid to Greece

TOP SECRET

WASHINGTON, April 9, 1948—11 a. m.

Gama 561. Following is general reply subjects raised Amag 536 Mar 26, 542 Mar 27,¹ 578 Apr 1.

¹ Amag 542 not printed; it advised that pressure on the gold market resulted in good part from unfavorable international news; and concluded that continued holding of the gold rate during the coming weeks was absolutely essential to prevent disastrous deterioration of confidence and probable collapse of the present and succeeding governments (868.00/3-2748).

a. As stated Deptel 411, Apr 3, to Emb we believe recent actions US, UK, and France, together with recent European and Ital developments have strengthened moderate forces Italy and resulted some losses Communist-Socialist "Popular Front". Outlook is therefore somewhat more favorable than several weeks ago, and it is hoped this trend can be intensified by steps now anticipated during remaining ten days pre-electoral period. On basis present situation, it appears Ital Govt parties will again win small parliamentary majority.

b. Re suggestions Amag 578 as to precautionary measures to be taken in event unfavorable developments Italy:

1. Dept agrees that should adverse situation develop you should have full discretion to make emergency readjustments within existing Grk Aid Program under Public Law 75, but Dept cannot at this time authorize full discretion in use ERP funds since they are under jurisdiction ECA Administrator. There is sufficient latitude within unexpended balance Public Law 75 funds so that need for ERP funds to cope emergency short term situation will in all probability not arise. You may be assured, however, that any emergency recommendations made by you requiring authority beyond that which you now have as administrator Grk Aid Program will be acted upon with greatest despatch.

2. Dept and Treas have authorized immediate conversion and shipment Apr 10 \$2 million FRB gold. Dept and Treas also prepared authorize addition conversion \$2 million for immediate shipment upon request Bank of Greece if Ital election results should be adverse, or upon ur advice if the situation otherwise should make this desirable.

3. You may be assured that US policy toward Greece and Turkey will not be changed in event Ital elections result in Communist control of Italy, and that Dept will take appropriate steps to make public its determination to continue supporting democratic countries in Europe which are cooperating in ERP and which are resisting totalitarian pressures despite adverse developments; also that US will continue to assure regular arrival in Greece of sufficient food and other supplies. Dept is prepared approve emergency substitution of Govt buying in lieu private imports if in ur opinion circumstances make this essential.

c. Re penultimate para Amag 536. Introduction into military picture of irregular foreign troops or even regular forces from neighboring countries in guerrilla ranks would not necessarily create a situation beyond scope of instructions under which AMAG and JUSMAPG are operating. If Albanian war develops, new situation would be created which would require immediate re-examination and issuance new instructions pending which JUSMAPG would continue to operate in relation to Grk armed forces under its present terms of reference.

d. Regardless outcome Ital election or other international developments Dept agrees it essential every practical measure be taken control inflationary trend in view obvious dangers threatened economic collapse. Recognize that for time being gold sales must be continued and

for this purpose balance FRB gold will be converted in installments as recommended by you. Other suggested steps, in addition to continued efforts implement basic economic reforms, are: (1) In view present slowness in taking up import licenses for raw materials for industrial production, and consequent shortage market goods, AMAG should consider feasibility and advisability authorizing as interim measure until more confidence established importation of greater quantities finished consumer goods in lieu some portion raw materials; (2) As means promoting Grk confidence emphasize in public relations work continuity Am assistance to Greece evidenced by new appropriation under Public Law 75 and by passage ERP legislation which envisages four-year program. Objective would be alleviate fear that Am assistance on short-range basis which likely to terminate at any time; and (3) Confidence in Grk armed forces should be enhanced as much as possible by full publicity of successes, and through such statements as made by Van Fleet just after his arrival Athens.

LOVETT

868.00/3-2348

The Acting Secretary of State to Senator Arthur H. Vandenberg

WASHINGTON, April 11, 1948.

MY DEAR SENATOR VANDENBERG: I refer to Professor Sumner B. Myers' letter of March 15, 1948,¹ which is returned herewith, concerning the alleged recent execution by the Greek Government of two "political prisoners" jailed by the Nazis in 1944 and imprisoned ever since.

It is not possible, of course, to reply specifically to Professor Myers' questions without having the names of the persons concerned and initiating inquiries in Greece. However, he may refer to a group of eleven persons who were executed in Greece on February 21. According to our information they were convicted in 1945 of killing 100 civilians during the Communist uprising of December 1944, one of the group having confessed to killing thirty personally with an axe. They could not, therefore, be considered "political prisoners" and were not convicted for a political offense, such offenses having been amnestied by the Varkiza Agreement of February 12, 1945.²

In connection with recent executions the Greek Under-Secretary of State for Press and Information made the following statement:

"It should be noted, however, that all these prisoners who were executed had been tried beforehand with all the guarantees of legal pro-

¹ Not printed.

² Signed by the Greek Government and the EAM (National Liberation Front), a resistance group controlled by the Greek Communist Party; for text, see *Foreign Relations*, 1945, vol. VIII, p. 109.

cedure by regularly established criminal courts and found guilty of many murders, mainly of innocent civilians, during the Communist rebellion on December 1944. The crimes they committed were so atrocious that the Varkiza Agreement excluded them from amnesty, while the then (1945) Minister of Foreign Affairs and Government representative Mr. John Sofianopoulos who signed the above agreement, categorically stated that it would be impossible for those guilty of such crimes to be covered by amnesty.

"It cannot, moreover, be reasonably maintained that these prisoners were executed in the heat of anti-Communist hysteria. The delay of their execution cannot in any way be construed as an unfavorable condition at their expense. On the contrary, during the period that elapsed from the time they were convicted until their execution, they had every opportunity and took advantage of all possible means in their favor, provided by the laws of this country, such as the appeal to the Supreme Court and to the Council of Pardons. After an appeal to the Council of Pardons is rejected, the carrying out of the execution becomes obligatory for the Public Prosecutor of the Court of Appeal, who in this case acts *ex officio*. Such legal procedure requires a period of delay, provided by the law itself, which must be observed before execution can take place, if democratic guarantees are to be valid."

It is our understanding that there are approximately 300 prisoners in Greece under sentence of death for common law crimes committed during the Communist uprising of 1944-45 or during the wartime occupation of Greece. It is quite possible that among them are some individuals who were originally arrested by the occupation authorities or by the Greek authorities under the occupation. However, it is not customary after liberation of a country from enemy occupation to grant pardons to common law offenders whose guilt is subsequently judicially established by regular courts of the country in question. Reports reaching the Department indicate, nevertheless, that certain groups and individuals in Greece, including many Communists, have, during and since the occupation, consistently endeavored to escape responsibility for non-political crimes, raising the unjustified cry of political persecution.

Professor Myers' concern is understandable, but the implication in his question that there is any bond of sympathy between the present Greek Government and the former Nazi regime or any similarity in their judicial methods is wholly unwarranted. Greece is in fact the only nation in eastern Europe today which, in both its political and judicial life, respects and endeavors to practice democracy as the American people understand it.

Sincerely yours,

For the Acting Secretary of State:

CHARLES E. BOHLEN

Counselor

868.00/4-1248

*The Acting Secretary of State to the Economic Cooperation
Administrator (Hoffman)*

WASHINGTON, April 12, 1948.

MY DEAR MR. ADMINISTRATOR: As you know, there was provided under Public Law 75, approved May 22, 1947, the sum of \$300 million for military and economic assistance to Greece. Administration of the aid program in Greece is under the American Mission for Aid to Greece, headed by Governor Dwight P. Griswold, and consisting at present of 183 civilian and 242 military personnel. The allocation of funds under the initial appropriation provided approximately \$172 million for military assistance and \$128 million for economic assistance. In addition the Mission was given the responsibility for administration of some \$40 million in aid to Greece under Public Law 84 (80th Congress, 1st Sess.), providing for relief assistance to the peoples of countries devastated by war. The supplemental appropriation under Public Law 75 for the fiscal year 1949 includes a further \$200 million for military aid to Greece.

An agreement dated June 20, 1947 (which incorporates by reference an exchange of notes with the Greek Government) provides the basis under which the American Mission for Aid to Greece operates in relation to the Greek Government with respect to assistance under Public Law 75. An agreement of July 8, 1948 [1947¹], covers the relationship for relief assistance under Public Law 84. In addition, a series of agreements have been executed between the Mission and the Greek Government as a means of formalizing understandings with respect to policies and operating plans in such fields as reconstruction, foreign trade, government finance, government administration, agriculture, public health and relief. Attached for your information is a copy of a paper² embodying these agreements. You will note that the terms of these agreements provide for economic measures and controls by the American Mission considerably beyond those contemplated under the ERP legislation, but that they are not inconsistent with the type of agreement required by that law.

The economic group of the Mission, comprised of several operating divisions, has as its general objective the extension of advice to the Greek Government concerning the effective use of American aid funds, as well as Greece's own resources, in the recovery of the country. Its advisory services cover almost all segments of the Greek economy, including such matters as governmental administration and procedure,

¹ For information regarding the agreements of June 20 and July 8, 1947, see editorial notes, *Foreign Relations*, 1947, vol. v, pp. 204, 214.

² Not found attached.

internal budgetary and fiscal controls, control of all foreign exchange resources, programming and control of imports, measures for stimulating exports, methods for obtaining from Greek shipping a greater contribution to the economy, the development and implementation of public health and welfare programs, the formulation of wage-price policies, and the direction of Greek reconstruction and development programs, including agricultural expansion.

With the inauguration of the European Recovery Program, it is considered by the Department of State essential that administration of American aid to Greece continue, at least during the first quarter's operation of the European Recovery Program, within the general framework of the American Mission for Aid to Greece and pursuant to the above-mentioned agreements, which will remain in force. Any other arrangements would unavoidably entail a break in the flow of goods to Greece, would affect adversely the present close control over the economy now maintained by the Mission, and might affect adversely the prestige of the Mission and the morale of its members. The constant flow of goods and close controls are, of course, essential in the critical circumstances now prevailing in Greece.

In view of the special circumstances in Greece, the Department of State hopes that you will agree that the Chief of the American Mission for Aid to Greece, Governor Dwight P. Griswold, will for the time being be given authority, under your direction, for administering through his present Mission the Greek portion of the European Recovery Program, so that the Greek Government will continue to look to the Mission for all phases of American assistance, economic as well as military. Under this arrangement Governor Griswold would, of course, be responsible and report to you on ERP phases of his work in the same manner as would your representatives in other countries. It is understood that he will continue to report to the Department of State with respect to all military aspects of the Greek Aid Program and that if any conflicts arise they will be resolved directly between us.

It is hoped that the decision in relation to the immediate problem of administration during the first quarter can be made as a matter of urgency, without prejudice to longer-range plans, in order to avoid any break in continuity in our over-all program for Greek assistance. The Department feels that the unique Greek situation, where the principal objective of American efforts is now the success of the military campaign against the guerrillas and where the military, economic and political problems with which the United States is directly concerned are so closely interrelated, may require special arrangements after the first quarter, and I will at the appropriate time wish to discuss with

you the administration in Greece of the European Recovery Program following the interim arrangement mentioned above.³

Sincerely yours,

ROBERT A. LOVETT

³ Mr. Hoffman, in his reply of April 21, agreed to Mr. Lovett's proposals and requested additionally that the Department continue to perform "backstop" functions in relation to AMAG operations under the European Recovery Program until the organization of the ECA became more fully developed (868.00/4-2148).

867.20 Mission/3-2448

The Acting Secretary of State to the Secretary of the Army (Royall)

TOP SECRET

WASHINGTON, April 13, 1948.

MY DEAR MR. SECRETARY: The Department of State approves the extension of the activities of the American Mission for Aid to Turkey to include instruction in United States tactical and organizational methods and techniques, as recommended by the Chief of the American Mission for Aid to Turkey in cable No. Ustap 86 of February 18 and by the Army Department in its memorandum of March 24.¹

It is noted that Ustap 86 recommended the addition of a total of 15 instructors to the United States Mission personnel, but that the Army Department's memorandum suggests a possible total of 60 officers and 25 enlisted men. The State Department approves in principle the assignment of a sufficient number of instructors to accomplish the specific tasks outlined in Ustap 86, and the immediate assignment of the 15 instructors which the Chief of Mission indicated to be required, and agrees to consider further recommendations by the Chief of Mission and the Department of the Army respecting the expansion of this number as may be necessary.

Sincerely yours,

ROBERT A. LOVETT

¹ Neither printed.

868.00/3-2948

The Acting Secretary of State to the Greek Ambassador (Dendramis)

The Acting Secretary of State presents his compliments to His Excellency the Ambassador of Greece and has the honor to refer to the Royal Hellenic Embassy's memorandum No. 476 of March 29, 1948.¹

The information conveyed with regard to the construction of a guerrilla airfield in the Prespa area and the possibility of guerrilla air operations from Yugoslav and Albanian territory is appreciated. The Department is informed that the competent American military au-

¹ Not printed.

thorities in Greece are closely observing developments in this connection in cooperation with the competent Hellenic authorities.

While it is realized that the inauguration of guerrilla air operations would pose new problems, the Department trusts that the policy of avoiding infringement of neighboring territories, which has contributed to strengthening the Greek diplomatic position, will not be revised by the Royal Hellenic Government without prior consultation with the competent American authorities.

WASHINGTON, April 16, 1948.

767.6S/4-2348 : Telegram

The Acting Secretary of State to the Embassy in Turkey

SECRET

WASHINGTON, April 23, 1948—6 p. m.

203. With regard Tsaldaris proposal for joint Grk-Turk declaration outlining basis for eventual pact to be adhered to by Arab States and supported by US and UK, it is Dept's view that no steps toward such eventuality can profitably be taken until some kind of peaceful solution of the Palestine problem has been found. We would, of course, welcome any realistic and constructive development genuinely contributing to stability and security of Eastern Mediterranean and Middle East. At some future time, when Arab attitude and intentions clarified, pact along lines presently proposed might furnish true basis for collaboration if countries of area should recognize their common interests and on their own initiative set up framework in which to protect and advance those interests. US not prepared at this time to take any initiative in matter or promise ultimate support in event such pact should emerge.

Therefore Dept does not at this time approve suggestion that US should give active diplomatic support in Near East capitals to these proposals. Furthermore, in view Palestine situation Dept not prepared at present to discuss possibility additional US military commitments in Near and Middle East nor to alter basic policy on other questions affecting this area in order to promote pact.

Dept has no objection to bilateral Grk-Turk declaration not involving US and merely open to adherence by Arab States as suggested Athens 644 Apr 16.¹ However, we are doubtful that it would serve any useful purpose, as it seems improbable that Arab States would adhere.

If Tsaldaris determined on tangible demonstration *rapprochement* Greece and neighboring countries, possibility trilateral Italian-Grk-Turk declaration or pact might be advantageous avenue to explore. It

¹ Not printed.

would seem advisable, however, avoid raising public hopes in any these projects by advance publicity or reciprocal visits MinFonAff's until substantial results in sight.

Foregoing views answer questions raised by Athens 644 Apr 16; Cairo 359 Apr 13; Ankara 303 Apr 8, 310 Apr 11 and 329 Apr 20.² Other offices addressed should use info for background guidance and for response to questions if respective FonOff's or Turk and Grk colleagues take initiative in raising relevant issues.

Sent Ankara 203; Cairo 457; Athens 504. Rptd London 1472; Paris 1372; Moscow 455; Rome 1190; Damascus 132; Baghdad 123; Jersusalem 295; Jidda 143; Tehran 366.

LOVETT

² None printed, except Ankara's 303 April 8, p. 71.

868.00/4-3048: Telegram

The Chargé in Greece (Rankin) to the Secretary of State

SECRET

ATHENS, April 30, 1948—5 p. m.

720. Prime Minister last night told press he knows nothing of rumored desire of bandits negotiate and/or surrender. Continued: "Communists chose try solve their question by force arms. It will therefore be decided by force of arms. Even if they pretend to have repented, who could believe them?" Concluded: "If they wish they have only to surrender to army, but without negotiations". Minister Foreign Affairs on other hand confirmed to press "there are indications of a camouflaged move" designed raise question of appeasement, and commented on "correlation between these rumors and other rumors from abroad according which Moscow has recognized a reverse in the cold war and has been forced change tactics". Rumors first circulated here morning April 28 with publication by *Eleftheria* and *Kathinuerini* of unattributed report that bandits desire surrender en masse. Rightist press countered same afternoon with accusation that "certain liberal circles" (obviously meaning Lambrakis-Tsouderos, et cetera) planning new appeasement move, and resurrected rumor first printed April 23 that Markos "ministers" Porfyrogenis and Kokkalis had arrived in Athens by Dutch plane (Minister Public Order, April 23, issued statement merely saying there was no confirmation).

While no substantiation has as yet reached Embassy . . . (other than that contained mytel 594, April 7¹) of above rumors . . . it

¹ Not printed; it reported that former Prime Minister Emmanuel Tsouderos had called earlier in the day to transmit a written but unsigned proposal communicated to him by a prominent member of the Greek Communist Party as a basis for cessation of guerrilla activities (868.00/4-748).

possible if not probable Communists may initiate some such action or rumors (if indeed above are not of Communist origin). Such move might represent either trial balloon or attempt throw government offensive off balance by arousing liberal sentiments here and abroad for cessation of bloodshed. GNA offensive appears hold enough promise of success, and shattering of KKE illegal organization appears have been sufficiently effective so that KKE may well feel impelled prepare ground for eventual "political solution". Danger of this sufficiently real that Embassy hopes Department will do all possible at its end prevent growth of feeling there is easy way out of present struggle.

Sent Department 720, repeated Sofia 39, Belgrade 43, London 85, Paris 53. Pouched Salonika, Department please pass Moscow 32.

RANKIN

868.00/4-1748 : Telegram

*The Secretary of State to the Embassy in Greece*¹

CONFIDENTIAL

WASHINGTON, May 4, 1947—6 p. m.

712. Dept endorses views expressed to Grk political leaders on threatened Cabinet crisis (Embtel 650 Apr 17²), and NEA officials have talked along same lines to Canellopoulos³ here.

While limited Cabinet reshuffle as suggested by Mavrogordatos (Embtel 650) or Tsaldaris (Embtel 703 Apr 28⁴) would be unobjectionable if agreed by both Parties in interests efficiency and political harmony, Dept would regret open crisis at this time. It would counteract good effects of current and anticipated military victories and expected econ improvement, provide field day for Markos and Soviet propaganda, complicate and delay establishment ERP machinery in Greece, and might compromise allocation adequate ERP assistance to Greece. Last point mentioned not as threat or because present Govt is "chosen instrument" of US policy, but because its overthrow in existing circumstances without prior provision for successor demonstrably more efficient and acceptable to Parliament and people would be regarded by US public and authorities as indicating irresponsibility Grk leadership and consequent inability effectively utilize US aid.

¹ Sent jointly to the American Mission for Aid to Greece as Gama 546.

² Not printed; Chargé Rankin's views were: "(a) US policy continues support Liberal-Populist coalition; (b) minor changes were Greek internal matters in which we do not wish intervene; (c) we are concerned lest anything resembling 'crisis' develop and therefore urged that all plans for changes in government be most carefully laid in advance; (d) we consider any changes prior to Italian elections unwise." (868.00/4-1748)

³ Panayotis Canellopoulos, former Greek Prime Minister and head of the National Union Party.

⁴ Not printed.

Dept has no magic formula for averting Grk crisis, but believes it might be useful express foregoing with great firmness to all and sundry on appropriate occasion.⁵

MARSHALL

⁵ Full agreement was reached on May 7 on a reshuffling of the Greek Cabinet (telegram 771, May 7, 8 p. m., from Athens, 868.002/5-748).

868.00/5-548 : Telegram

The Secretary of State to the Embassy in the United Kingdom

SECRET

WASHINGTON, May 7, 1948—5 p. m.

1651. Embtel 1946, May 5.¹ Re adverse Brit reaction to Grk executions, suggest you convey to Wallinger substance Athens tels 746 and 750 May 5,² rptd to you, as well as following observations: (Athens pls convey to Brit Amb.)

While it is conceivable executions may in fact have been speeded up as retaliation for Ladas³ assassination despite Rendis⁴ strong public denial (Athens 750), it appears all those executed were convicted murderers under death sentence confirmed after appeals and that procedure may have effect of counteracting boost to guerrilla morale from Ladas murder and discouraging further assassinations clearly foreshadowed by Markos Radio.

Grk Govt may feel it cannot afford show weakness in face of this and other Markos threats such as Jan 25 Belgrade Radio broadcast of Markos order to all rebel units to capture hostages "as reprisals for persecution and arrests of democratic citizens by Grk Govt", and Mar 12 Markos Radio announcement that several captured GNA officers would be executed unless guerrilla prisoners taken Salonika area were released within 48 hours.

Relative moderation Grk justice despite extreme Communist provocation believed demonstrated by such facts as reduction number deportees under present Govt from 18,000 Sep 1 to 4,000 Mar 1 and acquittal by courts martial of 1,128 out of 2,127 persons arrested for security offenses during Feb and Mar (only 158 of those convicted have been executed).

Dept realizes US and Brit may not see eye to eye on all Grk developments but is anxious cooperate in privately talking over divergences

¹ Not printed; it reported information from Geoffrey A. Wallinger, Head of the Southern Department in the British Foreign Office, that Mr. Bevin felt that the executions by the Greek Government might throw the whole question of British policy in Greece into the melting pot again (868.00/5-548).

² Neither printed.

³ Christos Ladas, Greek Minister of Justice, who was assassinated on May 1; for the message sent by Secretary Marshall to the Greek Foreign Minister, released on May 4, see Department of State *Bulletin*, May 30, 1948, p. 713.

⁴ Constantine Rendis, Greek Minister of Public Order.

opinion in effort reach common viewpoint or at least minimize public evidence of differences as in present instance where strong Brit statements will be contrasted with US silence.

Sent London 1651; rptd Athens 558.

MARSHALL

867.00/5-1148

*Memorandum of Conversation, by the Secretary of State*¹

TOP SECRET

[WASHINGTON,] May 11, 1948.

Participants: Mr. Huseyin Ragip Baydur, Turkish Ambassador
Secretary Marshall

Mr. Loy W. Henderson, Director for Near Eastern and
African Affairs

I received the Turkish Ambassador this afternoon at his request. He told me that under instructions from his Government, he had come to bring to my attention the concern of his Government lest the United States should grant what he termed certain guarantees to the countries of Western Europe² against aggression without simultaneously granting similar guarantees to Turkey.

In elaborating on this statement, the Ambassador made the following two points:

1. The extension by the United States of security guarantees to Western Europe of a character which it does not extend simultaneously to Turkey may give the Russians, with the mentality of whom the Ambassador is well acquainted as a result of having served seven years as Ambassador to the Soviet Union, the impression that although they might risk a conflict with the United States by engaging in acts of aggression against Western Europe, they might be able with comparative safety to commit aggression against Turkey. If the Russians should obtain such an impression, they would undoubtedly increase their activities aimed at undermining the independence and integrity of Turkey.

2. Most of the Turkish people at the present time are united in backing the policy of the Turkish Government to resist Russian pressure. Nevertheless, a small Turkish minority follows the line that it is hopeless for a small country like Turkey over a long period to stand up under the pressures of a great country like the Soviet Union. This minority group, therefore, advocates the submission by Turkey to Soviet demands and the voluntary entry of Turkey into the Soviet sphere of influence. The new Soviet Ambassador has been probing in Turkey for a soft spot through which he can attack Turkish unity. Any action on the part of the United States displaying greater interest in the security of Western Europe than in that of Turkey would under-

¹ Drafted by Mr. Henderson.

² For documentation on the support given by the United States to the concept of a Western European Union pact, see vol. III, pp. 1 ff.

mine the morale of the Turkish people and strengthen the minority group which insists upon the hopelessness of Turkish resistance. The hand of the Soviet Ambassador would also be strengthened. If the United States should adopt a policy which might be interpreted as meaning that it gives a higher priority to the security of Western Europe than to that of Turkey, the Turkish Government would continue, of course, to resist Soviet pressure. Nevertheless, the effectiveness of this resistance would be weakened.

I told the Ambassador that we had been receiving requests from many countries either to guarantee their security or to promise to come to their aid if attacked. We had as yet made no decisions with regard to these various requests and had, therefore, given no guarantees or promises. I was not in a position at this time to add to this statement other than to say that the whole matter was under consideration.

I pointed out that the Turkish Government should not overlook the fact that for the last year we had been carrying out a policy of giving Turkey and Greece certain military equipment, a policy which we had not thus far adopted with regard to any Western European country. It seemed to me that by selecting Turkey and Greece as the first countries of Europe to receive grants for strengthening their military establishments, the United States had already manifested an interest in their security which the Turkish Government and people, as well as other governments, could not ignore.

The Ambassador replied that he hoped that I had not misunderstood him. The Turkish Government and people were deeply appreciative of the aid which the United States was already extending to Turkey. His present approach to the American Government was motivated by the conviction of his own Government that the preservation of peace based on the Charter of the United Nations was the common objective of both the Turkish and American Governments. It was the belief of the Turkish Government that the most effective, and at the same time cheapest, from the point of view of a conservation of resources, measure for preventing the outbreak of war would be for the United States Government to make it clear to the Soviet Union that Soviet aggression against Turkey would involve the Soviet Union at once in a war with the United States and other powers interested in the maintenance of the principles of the Charter of the United Nations.

I told the Ambassador that I was glad to have the views of his Government in this respect. I would like to repeat that in my opinion the United States was still manifesting by acts its interest in the maintenance of Turkish integrity and independence. The question of formal commitments on the part of the United States to take certain actions under certain conditions was not an easy one. The Ambassador had

been long enough in the United States to understand the problems which a democratic Government like the United States must face in assuming new international obligations. We had to take into consideration our Congress and our press. We could not, therefore, always do what seemed to be the logical thing to do.³

I remarked that I had thought that perhaps one of the purposes of the visit of the Ambassador might be to discuss the problem of assistance to Turkey under the European Recovery Plan.

The Ambassador said that he did not wish to take up my time during his present visit to discuss so complicated a matter. He would like to say, however, that both the Turkish Government and the Turkish people were keenly disappointed at the place which had been tentatively allotted to Turkey in the European Recovery Program.⁴ It was the feeling in Turkey that in assigning to Turkey so minor a role, the responsible American officials had failed to take into consideration certain factors of great importance to the preservation of world peace.

I told the Ambassador that aid under the European Recovery Program was now being administered by the ECA outside of the Department of State. The Department of State continued to maintain interest in the matter and would continue to do what it properly could do to be of assistance to Turkey.

The Ambassador and I then discussed briefly the exchange of views which had recently taken place between Ambassador Smith and Mr. Molotov.⁵ I outlined to the Ambassador the reasons which prompted the Ambassador to make his statement to Mr. Molotov and emphasized the fact that this exchange did not indicate any weakening in the determination of the United States to oppose aggression in the Near East or elsewhere.

³ For a further exchange of views on this subject by Department officers and the Turkish Ambassador, see Mr. Lovett's memorandum, May 25, printed in volume III, under Western European Union.

⁴ For documentation on this subject, see *ibid.*, under the European Recovery Program.

⁵ For documentation on the conversations between Walter Bedell Smith, Ambassador in the Soviet Union, and Soviet Foreign Minister Vyacheslav Mikhailovich Molotov, which took place earlier in May at Moscow, see pp. 845-854, *passim*.

868.00/5-1148: Telegram

The Secretary of State to the Embassy in Greece

SECRET US URGENT

WASHINGTON, May 15, 1948—5 p. m.

605. While Tsaldaris must of course be guided by own best judgment, Dept's suggestion would be to ignore Soviet note (Embtel 811

May 14¹), which itself ignores several public explanations of executions by Grk spokesmen between May 1 and 13. Soviet note merely puts official stamp on current Soviet-inspired propaganda campaign, was presumably intended stimulate this campaign within iron curtain area, and will probably pass unnoticed in free world press like recent Rumanian "protest" which Grks also wisely refused to dignify with a formal answer. Just as they have disregarded public statements, Soviets would certainly disregard any explanatory reply to this note except to cull it for possibly exploitable propaganda material. As for world public, explanations have already been given and publicized, except for details of charges and procedure in selected list of persons executed as suggested Deptel 573 May 11.²

If Soviets publish note, our suggestion is that Tsaldaris might well confine himself to brief statement to press, expressing intention not to reply since explanations already given and since note is obvious propaganda move constituting intolerable interference with and affront to Grk State. He might add such protest comes in singularly poor grace from State where summary punishment without benefit of public procedure is usual fate of persons hostile to or in revolt against authority of State in contrast to democratic Greece where such persons are now being punished, not for their political opposition or opinion but for criminal acts after having been permitted fair public trial in accordance with civilized process of law.

If Ladas assassination was, as seems likely, ordered by Markos on higher Communist directive, it was probably conceived as diabolically clever, double-edged propaganda weapon. Grk Govt would either be intimidated into calling off executions, in which case its "weakness" could be exploited to bolster waning guerrilla morale, or executions would be continued, as has happened, thus permitting their exploitation as "bloody mass reprisals." While correctly refusing to be intimidated, Grk Govt should, it would seem, avoid adding fuel to propaganda flame by pursuing moderate and cautious policy re executions, preferably selecting for early execution those manifestly guilty of most atrocious crimes and giving full publicity in each case. Grk Govt might also give consideration to possibility that execution after several years incarceration of over 2,000 persons, which is announced backlog of condemned, might create grave political difficulties from viewpoint world opinion regardless of atrocious nature their crimes which would more than offset any advantages from the point of view

¹ Not printed; it reported that the Soviet note, handed to Mr. Tsaldaris on May 13, called "the attention of the Greek Government to the indignation provoked among the Soviet people by the mass executions of Greek Democrats now taking place in Greece." (868.00/5-1448)

² Not printed.

of maintaining law and order which the carrying out of capital sentences might entail.³

Repeat London as 1773, Paris as 1683, Moscow as 546, Belgrade as 241, Sofia as 311.

MARSHALL

³ Chargé Rankin, on receipt of telegram 605, conveyed its substance to the Greek Foreign Minister. The British Ambassador, however, on instructions from London, advised a formal and detailed reply (telegram 846, May 19, 7 p. m., from Athens, 868.00/5-1948); for text of the Greek reply, see telegram 847, May 19, p. 91.

868.30/5-1848: Telegram

Mr. John B. Howard to the Secretary of State

SECRET

ATHENS, May 18, 1948—11 a. m.

Amag 926. 1. JUSMAPG requests a temporary increase from 1 June 1948 through 30 June 1949 in the ceiling strength of Greek navy of 800, bringing strength to 14,300. JUSMAPG states recommended increase of 35 officers and 765 men fully justified to permit manning recently acquired ships to insure maximum support of army, particularly in sea lifts and to execute its vitally important minesweeping activities without further delay. American cost this ceiling increase can be met within presently appropriated dollars and within budget estimates of anticipated 200 million appropriation for next fiscal year.

I concur with JUSMAPG recommendation and urge approval.

2. JUSMAPG recommends a permanent increase in Greek air force personnel effective 1 June 1948 of 700 officers and men which will increase present strength from 6,500 to 7,200. This will permit establishment of one additional squadron and allow for additional pilots, mechanics, and operational liaison personnel at the headquarters of the three Greek army corps. Dollar costs of personnel increase can be met from presently appropriated dollars and within budget estimates anticipated \$200 million appropriation for next fiscal year. Also budget estimates within anticipated 200 million appropriation permit purchase necessary planes for additional squadron.

I consider strengthening of Greek air force as recommended of especial importance and urge approval of JUSMAPG recommendation.

Early action requested,¹ especially in case of navy increase.

HOWARD

¹ The Department, on the recommendation of the Navy and Air Force Departments, approved the proposals in Amag 926 on May 24 (telegram Gama 820, 868.30/5-1848).

868.00/5-1948

*Memorandum by the Coordinator for Aid to Greece and Turkey
(McGhee) to the Under Secretary of State (Lovett)*

CONFIDENTIAL

[WASHINGTON,] May 19, 1948.

THE PROBLEMS

The problems are:

(1) To formulate the Department's position in regard to administration of the ECA program in Greece in light of (a) the relationship of that program with the military portion of the program authorized by Public Law 75, and (b) its relationship to the unique political responsibilities which the United States has in Greece, differing substantially from those of the United States in any other OEEC country; and

(2) To formulate the Department's position with regard to the organization in Washington to "backstop" the overall Greek program.

DISCUSSION

(1) Implementation of the Greek assistance program, authorized by Public Law 75, has injected the United States Government into a special situation in Greece which is not comparable to that existing in any other country participating in the European Recovery Program. The American Mission for Aid to Greece exercises advisory functions vis-à-vis the Greek Government in relation to almost all phases of the economy as well as governmental administration and military operations. Successful implementation of the overall American program in Greece requires continuation of these advisory functions during at least part of the period of ECA operations. Decisions by the Mission as to utilization of American aid do in fact determine most important decisions of the Greek Government.

At the time the American Mission for Aid to Greece was established, it was felt that political responsibilities of the diplomatic establishment under the Ambassador could be satisfactorily segregated from the economic and military responsibilities vested in the Chief of the Mission. It later became clear, however, that it is not possible clearly to delineate between political, military and economic aspects of the overall American program, and that it is highly desirable to concentrate responsibility for all aspects in one Administrator in order to achieve coordination of United States efforts in Greece and concentration of United States bargaining power vis-à-vis the Greek Government.

In planning the future program in Greece, therefore, it has been hoped that there could be appointed an Ambassador of special qualifications in whom would be vested total responsibility

for all American operations in Greece, including the diplomatic establishment, the military group of the present American Mission for Aid to Greece, and the ECA Mission which is to assume economic functions previously carried out by the American Mission. In recent conversations with the ECA Administrator, however, it was indicated that the Administrator preferred to appoint a separate Chief of the ECA Mission in Greece, although he would be instructed to coordinate his activities with the Ambassador.

This arrangement would appear to present grave danger that proper coordination between various aspects of the program will no longer be possible. For example, what might be considered a routine economic decision by the ECA group in regard to the internal budget of the Greek Government might have a serious effect upon military or security Ministries of the government and, therefore, would affect the military program for which the Ambassador would be responsible. Conversely, a military decision made by the Ambassador might indirectly involve the use of Greek funds which would have significant consequences upon the economic program. Moreover, experience has proved that most "economic" measures actually have very important political consequences.

Another factor which should be borne in mind is that the total personnel available for American operations in Greece can be utilized far more effectively in a combined organization under a single head than if separate groups are established to administer each phase of the program. Duplication in administrative, informational, legal, and many other phases of the work, present under the existing setup in Greece, could be eliminated. The Ambassador could rely upon the Economic Mission, if it were under his direction, to perform certain responsibilities of his State Department Mission, which otherwise must be performed at the expense of overlapping or duplicating activities. The reverse also would be true.

Governor Griswold, on the basis of his experience in Greece, has strongly recommended the "umbrella" concept of organization with the American Ambassador in charge of all American activities. During his forthcoming visit in Washington, he undoubtedly will wish to discuss the question of the future organization, and it is believed that his presence will present an excellent opportunity for the subject to be raised again with the Economic Cooperation Administration in an effort to arrive at a satisfactory solution. So far the Administrator has taken no step which would prejudice his reconsideration of this issue, and discussions have revealed sympathy in the ECA staff for the unified command concept.

(2) The special nature of the Greek case also requires special arrangements for coordination in Washington of the overall American

program. Thus far responsibility for backstopping the American Mission for Aid to Greece, with regard to both economic and military aspects, has been carried out by U/GT which in effect serves as Washington agency for the Mission. Total departmental personnel presently involved in this effort is 65. U/GT assumes responsibility for obtaining appropriate action by established divisions within the Department or by other governmental agencies. Mr. Hoffman has asked that for the time being U/GT service the ECA Greek program. Whether or not ECA in the field actually will be placed under the direction of the American Ambassador, it is highly desirable that this organization or a similar organization continue to operate in relation to the overall American Aid Program in Greece in substantially the same way as at the present time.

Severe limitations imposed by the budget for the supplementary military aid program would render it impossible for U/GT, with the staff presently authorized, to continue after June 30th its present level of activity which includes coordination of ECA aspects of the program. Total departmental personnel requested under the Public Law 75 program is only 18. It would seem, however, that a joint staff consisting of a portion of personnel employed under Public Law 75 funds and personnel employed under ECA funds might constitute the best form of coordinating agency in Washington. Although this joint group could be located either in ECA or in the Department, because of the communications arrangement and the preponderance of State Department interests, at least initially, it is desirable that such group be located in the Department. The Head of such a group might have offices both in ECA and the Department. On military or political questions the group would report primarily to the State Department, and on ECA matters primarily to ECA. In all instances it would be in a position to assure effective and coordinated treatment of all matters relating to the American program as a whole in Greece. Discussions with the ECA staff have indicated considerable sympathy for this proposal.

RECOMMENDATIONS

It is recommended that the Under Secretary, Governor Griswold, and other appropriate officials of the Department discuss again with the Economic Cooperation Administration as a separate problem administration of the ECA program in Greece, using as a basis for such discussion the departmental position that the following course should be adopted:

1. *Field Operations*

(a) That upon his assumption of responsibility as Ambassador to Greece and as Chief of the Military Mission to Greece, Mr. Grady be appointed by the ECA as ECA Special Representative to Greece.

(b) That ECA appoint a Deputy Special Representative to Greece who, under the direction of Mr. Grady, would have operating responsibility for the ECA Mission's activities.

(c) That pending the arrival of Mr. Grady, Governor Griswold be asked to remain in Greece as Chief of the present American Mission for Aid to Greece, and also as interim ECA Special Representative.

(d) That all present personnel of the American Mission performing economic functions which will become the responsibility of ECA be transferred, effective July 1, 1948, to the rolls of the ECA Mission; provided that it is mutually agreed between Governor Griswold, the Department, and ECA that they are performing functions which will be continued under ECA, and that the personnel have proved themselves to be fully qualified and have been recommended by the American Mission for continuation.

2. *Coordination in Washington*

(a) That there be established in Washington a joint State Department-ECA group to "backstop" the overall program in Greece, serving in effect as Washington agency for field operations involving Public Law 75 and ECA.

(b) That there be assigned to such joint group personnel authorized in the Public Law 75 budget for the fiscal year 1949, together with other required personnel to be paid out of funds allotted by ECA. These latter personnel might include present employees of U/GT whose salaries have not been provided for under the Public Law 75 budget for next year.

(c) That the coordinating group, because of the communications situation, have its headquarters in the Department of State, but that it be responsible primarily to the ECA Administrator for all matters involving the Greek ECA program, and primarily to the Under Secretary of State for all non-ECA matters.

868.00/5-1948: Telegram

The Chargé in Greece (Rankin) to the Secretary of State

URGENT

ATHENS, May 19, 1948.

847. Following is informal Embassy translation (from French) of Greek *note verbale* dated May 18 to Soviet Embassy released to afternoon press May 19:

"Royal Ministry Foreign Affairs has honor inform Embassy USSR that it has learned with interest of declaration of Soviet Government regarding indignation provoked among Soviet people by 'the mass executions of Greek democrats'.

"Hellenic Government regrets that Soviet public opinion has been so badly informed on operation of Hellenic justice to point of believing

that capital punishments can take place in Greece for any other reason than for acts universally admitted as justifying severest punishment.

"Soviet Government cannot ignore that no one in Greece is put to death for his political opinions. Crimes for which certain individuals have been executed after fair trial include torture and murder in cold blood of innocent hostages and of helpless noncombatants. They also include crimes perpetrated in connection with active participation in armed revolt directed against freely elected and democratically constituted Hellenic Government.

"More particularly as concerns so-called democrats recently executed, Royal Ministry wishes remind Embassy of USSR that latter were common law criminals, perpetrators of numerous execrable acts committed at different times, which as common law crimes could not be amnestied under Varkiza agreement. Likewise these crimes could not benefit by exemption provided by Law 753 of 1945, since they concerned homicides directly and personally committed by accused. They include notably acts as atrocious as murder of 400 persons or of several persons at a time. A list of certain cases of this kind is annexed to present note.¹ Royal Ministry does not doubt that it will be brought to attention of Soviet public opinion in order that latter may be enlightened on reasons which motivated executions in question. Authors of these crimes have been condemned to capital punishment by ordinary assize courts after exhausting all means of defense and legal delays provided by code of criminal instruction. Thus there was every guarantee for equitable aid of justice. Royal Ministry has no reason to doubt that execrable acts of this kind would have been punished by analogous resources in any other country, including USSR.

"Soviet Government will agree that punishment of crimes is exclusive affair of each state desirous of maintaining order and administration of justice in its territory. In face of unprecedented provocation on part of small but ruthless minority, aided and encouraged from abroad, which has perpetrated countless crimes of common law against Hellenic people during past several years, Royal Government has shown exceptional devotion to democratic legal processes and great clemency towards all but authors of flagrant crimes. Few hundred individuals who have been executed during last four years are insignificant in comparison with tens of thousands of Greek citizens who have died as result of this criminal rebellion.

"If Soviet public is properly informed by its government of true facts of situation in Greece, the unjustly provoked misunderstandings will be immediately dispelled. Royal Ministry of Foreign Affairs takes this occasion to renew to Embassy of USSR assurances of its highest consideration."²

Sent Department as 847; repeated London as 103, Belgrade as 48, Sofia as 44 (Salonika by mail).

Department please pass Moscow 34.

RANKIN

¹ Not printed.

² The Soviet reply on May 26 rejected the Greek note as not satisfactory. A Greek Foreign Office spokesman informed Chargé Rankin that the Greek Government might make a press statement that the Soviet rejection constituted unwarranted intervention in Greek affairs (telegram 944, May 29, 10 p. m., from Athens, 868.00/5-2948).

Executive Secretariat Files, Lot 63-D351

*Report to the National Security Council by the Executive Secretary of
the Council (Souers)*

TOP SECRET
NSC 5/3

WASHINGTON, May 25, 1948.

THE POSITION OF THE UNITED STATES WITH RESPECT TO THE USE OF
US MILITARY POWER IN GREECE

THE PROBLEM

1. To assess and appraise the position of the United States with respect to the use of US military power in Greece.

ANALYSIS

2. The National Security Council in NSC 5/2¹ (para. 12) concluded that: "As a necessary basis for any future decision to use US military power as visualized in paragraph 8c, the National Security Council Staff should obtain and correlate comments and recommendations from the following Departments and Agencies upon each of the courses of action enumerated in paragraph 8:

- a. The Department of State
- b. The Joint Chiefs of Staff
- c. The National Security Resources Board
- d. The Central Intelligence Agency."

3. Para. 8c of NSC 5/2 referred to above, defines one possible US course of action as follows: "To continue and strengthen the present type of aid to Greece, combined with one or more of the following uses of US military power:

- (1) Dispatch of a token armed force to Greece.
- (2) Employment in Greece of available US armed forces to take such action as is necessary to assist in preventing Communist domination of Greece.
- (3) Strengthening US military forces in the Mediterranean area, outside of Greece, at such places and in such manner as would be deemed most effective.
- (4) Initiation of partial mobilization within the United States as an indication of determination to resist Communist expansion."

4. NSC 5/2 was approved at a time when the operations of the Greek National Army held little promise of success. Since that time, the United States has extended the Greek aid program for one year, the Greek Army has exhibited greater offensive spirit, and the operational advice extended by US military representatives has improved the operational efficiency of the GNA. Moreover satellite aid to Markos has been on a lesser scale than apparent preparations would have sup-

¹ Dated February 12, p. 46.

ported, with a corresponding effect on anticipated guerrilla capabilities. This default must be attributed to deliberate Soviet policy. It has caused misgivings in the Markos camp, where there may be increasing realization that the Soviet purpose may not be to bring Markos to power in Greece, but only to use the Greek Communists to impose economic attrition on the United States. Meanwhile the Greek Army has recently achieved some initial successes in its operation against the guerrillas. The current situation with respect to satellite aid remaining unchanged, the Greek Army may be able to eliminate the guerrillas as a major obstacle to Greek recovery. The USSR retains, however, the capability of causing an augmentation of satellite aid sufficient to render doubtful the achievement of a military decision, and will probably make use of this capability unless there is a general revision of Soviet policy in consequence of developments outside of Greece. In short, the prospects in Greece have considerably improved, but a favorable outcome is by no means assured.

5. Representatives of the Department of State are of the opinion that popular and Congressional support for the use of US military power as envisaged in para. 8c of NSC 5/2 would be forthcoming, provided such use is clearly demonstrated to be in the interest of national security and in conformity with and in defense of the basic principles of the United Nations. Further, the State Department representatives believe there would be no appreciable adverse reaction within the UN or throughout the world other than from Communist dominated or border line states to the uses of US military power as envisaged in para. 8c.

[Paragraph 6 is not printed.]

7. The Joint Chiefs of Staff, speaking to the military implications of the courses of action set forth above, emphasize that the over-all world situation indicates the necessity for strengthening immediately the potential of the National Military Establishment.² To this end some form of compulsory military service should be initiated at once. Deployment of US troops in appreciable numbers to the Eastern Mediterranean or the Middle East would make partial mobilization a necessity. Every effort should be made to avoid military commitment with implications extending to likelihood of major military involvement unless preceded by the partial mobilization recommended by the Joint Chiefs of Staff. This mobilization would include not only increased military manpower and increased appropriations necessary for strengthening the potential of our National Military Establishment in all respects, but also the necessary statutory authorization for

² These views were set forth in a memorandum of April 19, 1948, from the Secretary of Defense to the National Security Council, annexed to NSC 5/3; for the memorandum, see volume I, under the National Security Policy.

civilian and industrial readiness, corresponding to those found essential during World War II, and to be invoked as and to the extent required.

The Joint Chiefs of Staff believe that the dispatch of forces, token or in strength, to Greece would be militarily unsound.

a. Unless it is known that we are ready and able to back them up to any extent that will be reasonably necessary; and

b. Unless our best intelligence indicates that such a move will not precipitate overt action by Soviet or satellite forces, since neither the geographical position and terrain of Greece nor our over-all military strategy justify commitment to major operations in that country; and

c. Unless we have determined that we neither need nor intend to undertake military action elsewhere with our currently relatively weak forces.

The Joint Chiefs of Staff recommend that in the light of the obviously worsening world situation certain measures equivalent to the initiation of mobilization be taken now (see Annex).

8. The National Security Resources Board concurs with the Joint Chiefs of Staff in recommending that "the necessary statutory authorizations for civilian and industrial readiness . . . be invoked as and to the extent required."

CONCLUSIONS

9. The United States should not now send armed forces to Greece as token forces or for military operations.

10. If the situation in Greece should deteriorate and, in any event not later than November 1, the National Security Council should reconsider the problem.

11. Decisions as to (a) the strengthening of US military forces in the Mediterranean area, and (b) the adoption of measures equivalent to the initiation of mobilization, should be made in the light of the over-all world situation and not primarily as a contribution to the solution of the problem in Greece.

868.20 Mission/5-2548

The Secretary of the Army (Royall) to the Secretary of State

CONFIDENTIAL

WASHINGTON, 25 May 1948.

DEAR MR. SECRETARY: Reference is made to your letter of 7 November 1947 addressed to me¹ requesting that I notify the Foreign Affairs Committee of the House of Representatives and the Foreign Relations Committee of the Senate that action was being taken to furnish operational guidance to the Greek Armed Forces.

¹ Not printed; but see footnote 4, *Foreign Relations*, 1947, vol. v, p. 393.

Accordingly on 10 November 1947 I verbally notified Senator Vandenberg and Representative Eaton of this fact and further stated that this would necessitate assigning an additional 90 officers and 75 to 80 enlisted men. The strength of the United States Army Group in Greece at that time was 28 officers and 14 enlisted men.

On 10 May 1948 the Joint Chiefs of Staff approved the following personnel authorization for the Joint U.S. Military Advisory and Planning Group in Greece:² 134 officers and 140 enlisted men from Department of the Army; 4 officers and 3 enlisted men from Department of the Navy; and, 9 officers and 9 enlisted men from the Department of the Air Force. The present authorized strength of the Administrative and Logistics Group, United States Army Group, American Mission for Aid to Greece, is 42 officers and 50 enlisted men. Thus, the total Department of the Army personnel authorization for Greece is 176 officers and 10 enlisted men.

Your concurrence in the new personnel authorization is requested.³ In view of the fact that the personnel increase represents a total augmentation of 77 officers and 110 to 115 enlisted personnel above the personnel strength transmitted to Mr. Vandenberg and Mr. Eaton on 10 November, it is recommended that they be notified of the new authorization.

KENNETH C. ROYALL

² In commenting on Lieutenant General Van Fleet's request of March 31 for increases in his staff, Governor Griswold, on April 9, noted that the "leading factor in improved GNA morale and demonstrated fighting ability has been presence US Army officers in field as advisers. I concur therefore with Van Fleet [on] desirability strengthening field units with corps and divisions and Peloponnesus Command." (telegram Amag 643, 868.20/4-948)

³ The Secretary of State gave his concurrence in a letter to Secretary Royall on June 10 (868.20 Mission/5-2548).

868.00/5-2648 : Telegram

The Secretary of State to the Embassy in Greece

RESTRICTED

WASHINGTON, May 26, 1948—5 p. m.

665. Grk Amb has informed Dept that newspaper stories reporting Griswold's press conference immediately upon arrival US have been interpreted to mean that US has lost confidence in present coalition Govt and hopes to see it fall when Parliament reconvenes. In order correct this erroneous impression Griswold has sent following letter to Grk Amb:

"I have learned from officials of Dept with whom you have discussed matter that some of my remarks in recent press conferences have been interpreted by Grk press in such way as to cause embarrassment to Grk Govt. May I assure you that it was not my intention to imply

any lack of confidence in present Grk Govt or a desire to see it reconstituted.

As you know, it has always been view of US Govt that composition of Grk Govt is internal Grk matter and we welcomed decision of all loyal Grk parties to lay aside during time of national crisis their partisan differences of opinion in order support present coalition Govt.

In referring to difficulties which present Govt may face in Parliament when it reconvenes, I was merely endeavoring to inform American correspondents of what was being said almost daily in Grk press. It certainly was not my intention to indicate that such developments were either inevitable or desirable, nor did I intend my remarks to be taken as adverse criticism of Grk Govt.

I hope, Mr. Amb, that this explanation will remove any misgivings which may have been caused by recent newspaper stories reporting my discussions with correspondents."¹

MARSHALL

¹ Chargé Rankin informed the Department, on May 26, that "While Embassy realizes that Griswold's remarks were intended to inform US press as to present situation in Greece, and contained in fact many favorable statements, it is important to note that local effect has been unintentionally to undermine further already rather precarious position of government. In absence of instructions to contrary, Embassy is losing no opportunity to assure members of government that US policy in support present coalition has not changed". (telegram 913, 868.00/5-2648)

867.24/5-2748: Telegram

The Acting Secretary of State to the Embassy in Turkey

SECRET

WASHINGTON, May 27, 1948—7 p. m.

257. Patsu 97. In considering relation expendable supplies to Turkish military aid program,¹ Dept guided by principles stated below. Dept requests your views and invites such restatement as you believe appropriate.

Pattern of military aid to Turkey should not create inference US will continue indefinitely provide military assistance. Therefore US hereafter should except as stated below avoid supplying without reimbursement expendable supplies for which Turkish armed forces have annually recurring peacetime requirements. Principles of aid program accord full recognition to need for well balanced preparation of Turkish armed forces to meet a war emergency, but emphasize creation, without commitment as to continuing support, of effective military machine. These principles presume furnishing of initial minimum expendable supplies (a) for purpose training Turkish forces in use of

¹ Telegram 257 was sent, presumably, in reply to telegram 330, Ustap 110, April 21, 5 p. m., in which Ambassador Wilson transmitted the request of the Turkish Foreign Minister for the United States to provide uniforms and shoes for part of the Turkish Army (867.256/4-2148).

US equipment and (b) to meet first onslaught of an invasion, all subject, of course, to availability of funds and intra-program priorities. In view limited provision of funds for military aid to Turkey, application of these principles should accord priority to those expendables such as ammunition and spare parts, that are required for use with US equipment being provided in air program. After that, these principles should be applied to such equipment as German ordnance held by Turkish Forces so far as ammunition is available from captured stocks in possession of US forces. Similar case in point would be lend-lease retransfers from UK inventories of spare parts for British type equipment.

This provision of expendables for dual purpose of immediate training and ultimate emergency leaves an obvious gap of intervening requirements of expendables which Turk Govt cannot ignore and which should be met by Turkish Govt at own expense.

Adherence to this policy, to extent possible without defeating objectives of US policy with respect to Turkey, may avoid embarrassment in a future year when it may become consonant with US interests to reduce or terminate military aid to Turkey.

This policy places annual peacetime requirements of expendables on same financial footing with other necessary measures of Turk preparedness that cannot be met out of Amer aid funds but must be undertaken by Turk Govt on its own responsibility.

LOVETT

Executive Secretariat Files, Lot 63-D351

*Memorandum by the Director of the Office of European Affairs
(Hickerson) to the Under Secretary of State (Lovett)*

TOP SECRET

[WASHINGTON,] June 1, 1948.

I agree with the conclusions set forth in the attached NSC paper (NSC 5/3, May 25, 1948, "The Position of the United States with Respect to the Use of U.S. Military Power in Greece").

I am, however, somewhat disturbed at some of the phraseology in the paper and in the enclosures. For instance, at the bottom of page 4 it is stated that "The Joint Chiefs of Staff believe that the dispatch of forces, token or in strength, to Greece would be militarily unsound." This raises a question which we have hashed over with the military boys time and time again. The purpose of sending forces to Greece would be to indicate a determination to clean up the situation in Greece and not effectively to conduct military operations if a shooting war started with Russia. We have told the military boys time after time that we recognize that if we sent military forces to Greece and a shooting war with Russia started, the first thing we would do would

be to get all of our forces out of Greece as rapidly as God would let us. All of us recognize that Greece is not the place to conduct military operations if World War III starts. Any troops sent to Greece should be sent against that background. They should be dispatched if the time comes when there seems to be a reasonable chance that their presence in Greece will contribute to improving the situation in that country and thus rendering more remote the possibility of World War III.

I repeat that I concur in the conclusions set forth in this paper and recommend that the Acting Secretary go along with it.¹

¹ The views of the Office of Near Eastern and African Affairs on NSC 5/3 were set forth in a memorandum of June 1 by Mr. Cromie to Mr. Jernegan, which Mr. Henderson directed be sent informally to the Policy Planning Staff. The memorandum stated that "This *political* decision [by the Joint Chiefs of Staff] is thus justified by *military* considerations which, however well founded, would appear irrelevant in the immediate circumstances. The present struggle for Greece should be considered primarily as a last opportunity of avoiding World War III and only incidentally as the preliminary skirmish of an eventual new global conflict. Political rather than military considerations should therefore be paramount." (868.20/6-148)

Executive Secretariat Files, Lot 63-D351

*Memorandum Prepared in the Department of State*¹

TOP SECRET

[WASHINGTON, undated.]

THE POSITION OF THE UNITED STATES WITH RESPECT TO THE USE OF
MILITARY POWER IN GREECE

DISCUSSION

The following NSC study² on the above subject has the concurrence of Mr. Kennan, Mr. Henderson and Mr. Hickerson. Mr. Sandifer³ (UNA) concurs in the paper with the exception of one sentence of Paragraph 5, Page 3. That sentence reads:

"Further, the State Department representatives believe there would be no appreciable adverse reaction within the UN or throughout the world other than from Communist dominated or border line states to the uses of US military power as envisaged in para. 8 c."

UNA believes that there would be adverse reaction within the United Nations to certain of the uses of United States military power enumerated in paragraph 8 c, specifically, the dispatch of a token armed force to Greece or the employment in Greece of available

¹ Sent presumably by the Office of United Nations Affairs to Mr. Lovett.

² NSC 5/3, May 25, p. 93.

³ Durward V. Sandifer, Deputy Director of the Office of United Nations Affairs.

United States armed forces to take such action as is necessary to assist in preventing Communist domination of Greece, unless such action were taken in furtherance of a resolution of the Security Council or the General Assembly.

UNA recommends that the sentence be changed to read :

"State Department representatives believe that there would be appreciable adverse reaction within the UN to the uses of U.S. military power as envisaged in clauses (1) and (2) of para. 8 *c*, unless such action were taken with the approval of the General Assembly or the Security Council or otherwise in accordance with the UN Charter."

RECOMMENDATION

That you approve the paper to include UNA's recommended change.

868.00/6-248 : Telegram

The Chargé in Greece (Rankin) to the Secretary of State

ATHENS, June 2, 1948.

964. Following is complete text "declaration of provisional democratic government" as broadcast by Andarte¹ radio telegraph 7:30 p. m., May 31 and repeated on 9:30 Voice broadcast :

"Provisional democratic government of Greece makes the following declaration :

"Provisional democratic government is always ready accept and encourage any initiative from any side which aims at helping Greece find itself and tranquility. One condition : that democratic life of people be unreservedly secured, that national independence and autonomy be insured without any foreign interference, and that people alone and free may decide their future. Provisional democratic government is ready make, in that direction, every concession which national and popular interest allows. It is time bloodshed, which only foreign imperialists and the native plutocrats desire, stops in Greece. It is time murder and slaughter committed by Monarcho-Fascism stops. Popular democratic movement in our country never aimed nor does it today aim at exclusive domination by force. It always ready discuss any proposal for good of the people of country. But democratic army of Greece holds its arms firmly with full confidence in itself and its power, which originates from people. The concern we express above for tranquility of Greece shows our patriotic attachment and power.

"Traitors of Athens will discover they were mistaken if they interpret this as weakness. As they failed in Roumell, so they will fail wherever they try to strike us. DAG is many times stronger this year than last ; it is able proceed resolutely to its task, that is, liberation of Greece. We desirous of stopping bloodshed in Greece because it is the people's blood, our own blood. In case, however, Monarcho-Fascism does not show willingness stop bloodshed, we have power to impose

¹ Insurgents.

upon it and upon its Anglo-American masters the solution which is in interest of people and Greece."

Sent Department as 964; pouched Salonika.

RANKIN

Editorial Note

The National Security Council, on June 3, adopted NSC 5/3, subject to amendment of the last sentence of paragraph numbered 5, which was altered to read: "State Department representatives believe that there would be appreciable adverse reaction within the UN to the uses of U.S. military power as envisaged in clauses (1) and (2) of para. 8c of NSC 5/2, unless such action were taken with the approval of the General Assembly or the Security Council or otherwise in accordance with the UN Charter."

The amended paper, renumbered NSC 5/4, June 3, was then sent to the White House. President Truman, on June 21, approved the conclusions in NSC 5/4 and directed that "they be implemented by all appropriate Executive Departments and Agencies of the U.S. Government under the coordination of the Secretary of State." (Lot 63-D351)

868.00/6-448: Telegram

The Chargé in Greece (Rankin) to the Secretary of State

SECRET US URGENT

ATHENS, June 4, 1948—noon.

985. References in Markos May 31 broadcast (mytel 964, June 2) to "foreign interference," "foreign imperialists and native plutocrats," "murder and slaughter committed by Monarcho-Fascism," "traitors of Athens," "Anglo-American masters" as well as stipulation for cessation of "foreign interference" preclude formal consideration being given to such proposals.

Second Markos statement June 2 (mytel 977, June 3¹) suggests Communist propaganda line will be progressively to portray "proposals" as sincere with Greek "Monarcho-Fascists" responsible for refusing allegedly reasonable offer to cease fratricidal bloodshed. Significant that Greek word used was "synthikologisis" principal meaning of which is unquestionably "capitulation" and that broadcast refers to "proposals" as "peaceful," "serious," "very sincere," "honest" laying blame for their frustration on "Anglo-Americans" while accusing Tsaldaris and Sophoulis of preferring "to obey foreign advice instead of answering."

¹ Not printed.

Present gesture may be prelude to Soviet-sponsored move in UN to intervene to stop hostilities in Greece in line with current Soviet "peace" programs. Such move would be best evidence of guerrilla weakness and of consequent Soviet desire to salvage as much as possible from impending defeat while continuing efforts by "peaceful" means to bring Greece into position of Czechoslovakia. I trust US will take strong and clear position toward any such Soviet maneuver in international sphere. Parallel may be drawn between Markos present "proposals" and Soviets recent distortion of Smith-Molotov conversations; we should be equally categorical in reaffirming that we are leading from strength not weakness and do not intend to be deterred from firm course.

For present Embassy believes decision of Greek Government not to make formal statement in reply (mytel 979, June 3²) unless eventual unfavorable world press reaction should require it may be interpreted as sign of strength. June 3 Markos broadcast indicated that government's failure to make formal comment is point which hurt most. Some alarm caused in Greek political circles by VOA broadcast (mytel 982, June 3²) as indicating possible American intentions in direction of appeasement. I continue to hold views expressed my despatch 552, May 15² that eventual amnesty offer may be feasible and desirable at moment when Greek national forces on point of finally crushing rebellion but not before.

If Communist propaganda successful in arousing world opinion at Greek refusal consider terms for cessation of warfare, I hope Department may find occasion point out that "proposals" couched in violent and insulting language, emanating from Communist bandits in rebellion against duly constituted government of Greece, and stipulating withdrawal of British and US assistance, consequence of which would be to leave Greece at mercy of Communist bands, cannot be regarded as indicating sincere desire for peace.

RANKIN

² Not printed.

868.00 (P)/4-1548: Telegram

The Secretary of State to the American Mission for Aid to Greece

CONFIDENTIAL ⁷⁷₄₆ US URGENT

WASHINGTON, June 4, 1948—6 p. m.

Gama 885. For Griswold and Rankin.¹ Re Gama 872, Embtel [Deptel] 706.² House Appropriations Committee report recommends cut Grk-Turk military funds to \$200 million, justifying recommenda-

¹ This telegram was sent jointly to the Embassy in Greece as No. 720.

² This joint telegram to AMAG and the Embassy, dated June 3, not printed.

tion on (a) assumption guerrilla warfare will be successfully concluded in late 1948, which would permit curtailment of military assistance, and (b) existence of substantial "unobligated" balance of fiscal 1948 funds as of April 30, 1948. Dept providing full info concerning dangers of assumption under (a), and pointing out that legal obligation figure does not reflect true status of funds since all are committed. Dept emphasizing full \$275 million needed to assure success of program, and pointing out obvious dangers of any lesser amount.³ Will keep you informed of developments.

Wld be helpful in future discussions with Congressional leaders or in communications to Congress if Griswold as Chief of AMAG wld telegraph his reaction proposed reduction, based on discussions with Van Fleet.⁴

MARSHALL

³ Thus, on June 10 and 14, respectively, the Department sent appropriate letters to Senators Styles Bridges and Henry Cabot Lodge, Jr. (800.FAA/6-1048, 868.00/6-1448).

⁴ The Department sent a parallel telegram (No. 277) to Ambassador Wilson the same day (868.00/6-448).

868.20/6-848 : Telegram

Governor Dwight P. Griswold to the Secretary of State

CONFIDENTIAL

US URGENT

ATHENS, June 8, 1948—8 a. m.

Amag 1081. I discussed with Van Fleet reduction Greek military aid recommended by House [Committee?] and can state unequivocally our belief any reduction would seriously jeopardize achievement American objectives Greece. Department will recall careful budget requests estimated Greek military aid requirements at 248,000,000 and this figure reduced prior submission Congress to 200,000,000 for Greece alone which considered absolute basic minimum. Anticipated 200,000,000 appropriation has been apportioned to provide accelerated expenditure for increased Greek service ceilings during first part coming fiscal year to ensure maximum effectiveness against major concentrations guerrilla bands and on assumption their defeat next few months. Thereafter program calls for compensating reductions GNA and NDC strength, reduction navy personnel (within ceilings) and reduced US expenditures.

It must be remembered Greeks not fighting enemy army whose defeat will bring immediate peace but is [are] confronted by guerrilla warfare. Even annihilation of major concentrations will not prevent escape and circulation individuals and small groups of bandits who because of incredible terrain can pass almost anywhere at will unless

strong efforts taken to ensure security of areas cleared by major actions. If this summer's campaign fails to result in establishment security major part of Greece effect on AMAG objectives self-evident: (1) Greek people would be seized with despair which psychologically would destroy home economic recovery; (2) refugee problem would multiply with consequent financial, economic and psychological reactions; (3) reconstruction already accomplished and proposed would be largely nullified; and (4) Greece next summer would again have to increase its army and wage campaign of present scope which simply it cannot afford.

Security plans involve detailed searches areas for guerrilla groups and individuals, dumps and supplies; constant vigilance against infiltration by individuals or small groups; pursuit and destruction as rapidly as groups are discovered and if possible before they coalesce into larger bands. For these purposes substantial mobile forces must be held each area after clearing with specific responsibility for security in given sectors. In addition *gendarmerie* and special village defense units required for static protection and checking village infiltration. This type of active and intensive security work will have to continue for many months after defeat of major bandit concentrations before security problem can be left to *gendarmerie* as civil police function.

In addition while Greek Army will not be able seal border it will have to occupy many positions to minimize as far as possible new imports supplies, arms and guerrilla recruits.

Even if defeat major guerrilla concentrations should result in wholesale surrender and amnesty and even should northern neighbors abjure further aid it would not be possible to forego intensive security measures outlined.

Department may rest assured both Van Fleet and I will reduce US military aid expenditures and Greek expenditures for armed forces as rapidly and to maximum extent possible consistent protection American objectives. New Greek budget will actually provide as of 1 January arbitrary 25 percent reduction in rate expenditures all armed services available for 1 July to 31 December coupled with announcement needs will be met. While reduction this extent now appears impossible fulfillment it will give mission necessary control to compel all possible reductions. However, an army, navy or air force cannot be decreased and then increased as temporary conditions vary and retain any effectiveness. Schools and training instruction for example must be maintained and generally planned over a period of years rather than months. I repeat that Van Fleet and I believe 200,000,000 for Greek military aid program is minimum essential figure for com-

ing fiscal year and that if reduced and so prevent necessary mopping up and security measures following defeat of major bands it may undo results this summer campaign just as failure establish security after area clearing operations a year ago resulted in necessity present campaign. It must be remembered also cost of military items much greater 1949 than 1948 as surplus stocks Great Britain and US are practically exhausted. Replacement airplanes for example now very expensive but essential since air power is advantage which must be exploited.

Finally, we believe any announcement this time of reduction Greek military aid could have serious adverse effect, GNA and civilian morale and stimulate guerrillas and satellite countries. Guerrillas might indeed endeavor avoid battle, retreating across border, regrouping and resuming operations in winter when Greek army weakened as result of cut.

With regard to alleged substantial "unobligated" balance fiscal 1948 funds USAGG has no knowledge of actual "unobligated" balance since this determined in Department Army but from USAGG viewpoint estimates of requisitions and of earmarked funds by 30 April constituted commitments totalling \$210,000,000.

GRISWOLD

[President Truman, on June 12, 1948, delivered an address on the progress of world peace at the commencement exercises at the University of California, Berkeley; for the text of his address, including his observations on the situation in Greece, see Department of State *Bulletin*, June 20, 1948, pages 804, 805.]

868.00/6-1248 : Telegram

The Chargé in Greece (Rankin) to the Secretary of State

SECRET

ATHENS, June 12, 1948—5 p. m.

1066. Embassy found most interesting and useful summaries and views contained Belgrade's 708¹ and 709 June 8,² especially last paragraph latter telegram stressing importance military aspect and ex-

¹ Not printed; Ambassador Cannon advised that the "Return of Zachariades to Greek scene bearing Moscow's olive branch completes preparations for new political drive against Athens. All local papers prominently featured yesterday his article 'reality and self-illusion' . . . in advocacy peace and compromise discussions." The Ambassador concluded that he "should not be surprised to see Zachariades the politician take foreground and Markos the guerrilla recede" (501 BB Balkan/6-848). Nikos Zachariades was Secretary General of the Greek Communist Party.

² *Post*, p. 1070.

pressing opinion military situation Greece is key to Balkan situation and that only through military success can first phase be successfully terminated.

We agree fully with this appraisal. Without revealing details of impending military operation or making predictions it may be of value to Department, Belgrade and Sofia to know that confidence which has been publicly expressed by Griswold and Van Fleet regarding the military side of Greek operations are genuinely held by all responsible US officials in Greece. Roumeli operation recently finished, which was first large campaign using Greek force of 30,000 in encircling movement, was eminently successful not only in clearing area but in killing and capturing some 2,500 bandits. Coming operations will be similarly well planned and on larger scale. General Van Fleet has high hopes for important military successes.

Equally important to obtaining military success is to hold victories gained. These could be dissipated if we fall prey to Soviet and satellite endeavors to throw Greece off balance through peace offensive. This matter discussed Embtel 985, June 4. Equally important in our opinion not to be misled by other satellite gestures such as recent move Bulgaria to reestablish relations with Greece (Embtel 1060, June 11³). These moves may well add up to satellite effort to settle Greek affair by conciliation through UN, leaving Communists unbroken to resume their campaign in Greece at more propitious time. It also suggests move to take sting out of UNSCOB report by showing that satellites have taken seriously UN desire improve relations between Greece and northern neighbors, hence unnecessary recall what has taken place in past, or to continue any UN activities this area such as retention UNSCOB and observer corps.

Greeks are now able and determined to carry through military operations against bandits. It would be fatal if we were to show any sign of wavering. We do not suggest that Greek problem will end with termination large scale operations against bandits. There will still be grave questions such as infiltration across borders, possible breaking up of bands into small groups, question of future of Greece's large and costly army, economic rehabilitation, etc. But since first things must come first, it is essential in our view that first phase of this campaign be terminated by crushing defeat of bandit forces and not through appeasement or conciliation. Greek Government continues show remarkable firmness this point. Prime Minister Sophoulis June 5 repeated his earlier statement that he would never agree to another amnesty, this time to Queen Frederika, Field Marshal Smuts, and myself.

³ Not printed.

Sent Department 1066, repeated Belgrade 53, Sofia 51, London 116.
Department pass Moscow 39.

RANKIN

868.00/6-1648 : Telegram

Governor Dwight P. Griswold to the Secretary of State

SECRET URGENT

ATHENS, June 16, 1948—4 p. m.

Amag 1138. Shortly the GNA will launch an offensive in Grammos area, principal stronghold of Markos forces. Object of this operation is decisively to break the back of the bandit gangs this year. Present Soviet and Markos propaganda suggests probability of sensational charges that while Markos followers are actively seeking peace, American imperialists and Athens Monarcho-Fascists want war and bloodshed. Typical of present propaganda build up is Tass quotation of Markos Radio that 120 children were strangled or bayoneted in mountains during recent Roumeli operations as part of terror campaign ordered by Griswold and Van Fleet against peaceful population of guerrilla areas. Objective of these and anticipated sensational charges is of course to divide and confuse supporters of American aid to Greece at very moment of greatest chance of success. It must be recognized that such propaganda, made in context of current Bulgarian overtures, may find receptive listeners among American and allied peoples who are weary of cold war, dislike "Athens police state" and have always been lukewarm toward American military aid to Greece.

Furthermore, in the coming operation there will be used modern military weapons, such as fire bomb (Napalm), hithertofore not used in operations against bandits. We must expect propaganda agencies of Communist countries to seize upon this fact to charge that use of fire bomb is unethical even in international war and particularly inhuman against peace-seeking Markos followers. In view of present Communist propaganda trend we must also anticipate principal propaganda broadside will be directed against United States, stressing that fire bomb was made in America and used in Greece according to plans of American Army.

I believe it vital that we be prepared for such propaganda by offensive propaganda of our own coordinated with GNA military operational plans. I agree with statement Embtel 1066 June 12 that it would be fatal if we were to show any signs of wavering in the face of anticipated or accelerated Soviet propaganda offensive. We should not be thrown off balance by these maneuvers.

It seems to me desirable as soon as GNA has bandits on run in Grammos offensive for Prime Minister in radio broadcast to Greek people in explanation of purposes of offensive to state, without reference to Markos peace feelers, that if bandit groups sincerely desire peace and wish avoid bloodshed they should surrender to GNA commanders in area of operation. He might add that Greek Government has directed army commanders to hold bandit leaders for court-martial but will insure that the rank and file of the followers who are not guilty of common crimes may expect just treatment and return quickly to normal peaceful pursuits. He should avoid any proposal which would be interpreted as appeasement or another ill-fated, twice-tried amnesty.

There should be no contact between the Greek Government and the "Markos government" bilaterally or on an international political level. Since it is essential that the liquidation of this problem be found within the framework of the authority of the Greek Sovereign State, such contact as may be necessary should be on military level and based on conditions laid down by Prime Minister in his broadcast. Department realizes, of course, that American Army officers will be in field with GNA units to safeguard against possible GNA excesses or failure to comply with instructions.

Request Department views and advice this week based on this telegram and Embtel 1066 June 12, together with background material mentioned therein.

GRISWOLD

868.20/6-848: Telegram

The Secretary of State to the American Mission for Aid to Greece

SECRET

WASHINGTON, June 23, 1948—7 p. m.

Gama 1001. Congress has voted appropriation \$225 millions under Title III of PL 472 (Amag 1081, June 8) instead \$275 millions authorized Title III for military assistance to Greece and Turkey fiscal 1949.

Advise Greek Govt foregoing, with comment in effect as follows: In view reduced total appropriation Dept does not plan to specify in near future estimated total funds to be made available in fiscal 1949 out of \$225 millions for either Greece or Turkey. US will endeavor meet essential requirements of both Greek and Turkish aid programs from funds available. Reduction in total appropriation does not imply any diminution US support present scale military operations against guerrillas. Procurement essential requirements such support will continue without interruption. Say also if question arises that Dept cannot at this time consider any question of supplemental appropriation. End comment for Greek Govt.

Basis on which Congress reduced appropriation largely that guerrilla forces in Greece expected to be substantially defeated in calendar 1948 and reduced rate of expenditure should be possible second half fiscal 49 without hindering military effort or risking loss of benefits of victories won before that time. Request for further appropriation \$50 millions fiscal 1949 therefore not foreclosed should Congressional assumption prove invalid. However, AMAG should assume that additional appropriation may not be requested and if requested may not be granted, although Turkish allocation may be called on for portion of cut in event circumstances of guerrilla war make it necessary. Dept notes with satisfaction your assurance Amag 1081 that you and Van Fleet will reduce US military aid expenditures and Greek expenditures for armed forces as rapidly and to maximum extent possible consistent protection American aid objectives. Dept is consulting with National Military Establishment on implications of reduced appropriation with respect to apportionment between Greece and Turkey and to problems of procurement and will shortly advise AMAG further and request comment on tentative conclusions reached here. As stated above for Greek Government, no intention exists to diminish support for present and planned scale of operation against guerrillas remainder calendar 1948 or for supply pipeline. Dept will advise further re text of appropriation Act, which not yet available, and other relevant matters.¹

MARSHALL

¹ The Department sent a parallel telegram on June 23 to Ambassador Wilson directing him to convey to the Turkish Government information on the appropriation for the Greek-Turkish Aid Program (No. 319, Patsu 102, 867.00/6-2248).

868:00/6-2848

Agreement Between the Department of State and the Economic Cooperation Administration

AGREEMENT REACHED IN MEETING HELD JUNE 24, 1948 BETWEEN MESSRS. ROBERT A. LOVETT, PAUL G. HOFFMAN, ERIC H. BIDDLE¹ AND GEORGE C. MCGHEE WITH RESPECT TO THE RELATIONSHIP BETWEEN THE ECONOMIC COOPERATION ADMINISTRATION AND THE DEPARTMENT OF STATE AS THEY AFFECT THE AMERICAN MISSION FOR AID TO GREECE AND ITS SUCCESSOR MISSIONS IN GREECE

1. The primary consideration in all decisions on administrative relationship between the Economic Cooperation Administration and the Department of State affecting the American Mission for Aid to Greece and its successor missions will be based on achievement of

¹ Special Assistant for Overseas Administration of the Economic Cooperation Administration.

maximum coordination of the United States economic, military and political objectives in Greece and on minimizing any possibility for duplication of effort, ambiguity of responsibility and personal friction among the various representatives of the United States government in Greece.

2. The Economic Cooperation Administration, in the light of its responsibilities under the Foreign Assistance Act of 1948, is establishing a special ECA Mission in Greece under a Chief of Mission responsible to the ECA Administrator. Because of the peculiar aspects of the Greek situation arising in large measure out of the special responsibility assumed by this country toward Greece pursuant to Public Law 75, the ECA agrees that this Mission will, in addition to the usual functions performed in other ECA countries, such as observing, reporting and making recommendations to ECA with respect to assistance requests, assume an advisory status vis-à-vis the Greek government in the area of economic assistance and recovery coming within the scope of the ECA Mission's activities. The ECA desires, however, that all civil advisory functions not directly related to the economic recovery program will, where feasible, be placed under the jurisdiction of the Chief of the American Mission for Aid to Greece, who will, upon the creation of the ECA Special Mission, assume remaining responsibilities under Public Law 75 as well as his functions as United States Ambassador to Greece.

3. The Department of State, while recognizing that the Foreign Assistance Act of 1948 clearly assigns primary responsibility to the Economic Cooperation Administration for all economic recovery activities in Greece, including economic recovery advisory activities, agrees at the request of the Administrator of ECA that the Chief of the American Mission for Aid to Greece will assume responsibility for certain civil advisory functions which are not directly related to the economic recovery effort.

4. The Department and the Administration agree that the ECA program in Greece will be administered through a Special ECA Mission based initially on those members of the civil portion of the present American Mission for Aid to Greece whom Governor Griswold has committed or will commit to retain through the period March 31, 1949, with such later adjustments as the ECA representative will make on his arrival in Greece, or as will be agreed to between the ECA representative and the Chief of AMAG pursuant to the agreement stated in Paragraphs 2 and 3 above. Until the arrival of the ECA representative, Governor Griswold, or his Deputy or whoever else is designated by ECA, shall serve as acting ECA representative.

The United States Ambassador to Greece, Dr. Henry Grady, who will also serve as Chief of the American Mission for Aid to Greece, will upon assumption of his responsibilities as Ambassador, also assume jurisdiction over the military aspects of the present AMAG program and such civil functions now under AMAG as will be mutually agreed upon between the Department and the Administration in accordance with the principles stated above.

5. Representatives of the Department of State, ECA and Mr. Harriman's¹ office in Paris will proceed to Greece and will, after discussions with AMAG, recommend to the Department and the Administration allocation of the civil responsibilities of the present American Mission for Aid to Greece as between the ECA Special Mission and the Public Law 75 Mission, as well as methods of coordination in Greece and between the ECA Paris and Washington offices and the Department of State and proper channels of communication.

6. The Department will, upon request of the Administration, perform the Washington "backstop" function for such of the civil advisory activities in Greece arising out of the activities of the ECA Special Mission and the Public Law 75 Mission as are not directly related to the economic recovery program, coordinating closely with the "backstop" to be set up in the ECA for coordinating the remainder of the civil program in Greece.²

7. The Administration agrees to provide funds to the Department for personnel in the Public Law 75 Mission engaged in civil advisory functions pursuant to this agreement which would not normally be conducted by the Embassy or the military mission, and for personnel in the Department of State "backstop" organization which would not be required by the Department for the "backstopping" of the military program and the Embassy in Greece.

Approved:

ROBERT A. LOVETT
*Under Secretary of the
Department of State*

PAUL G. HOFFMAN
*Administrator for Economic
Cooperation*

¹ W. Averell Harriman, United States Special Representative in Europe under the Foreign Assistance Act of 1948.

² In a letter of August 16 to Mr. Hoffman, Mr. Lovett stated: "Since Mr. John Nuveen has now become ECA representative in Greece and Dr. Grady the Ambassador and Chief of the American Mission for Aid to Greece, and in view of the further recent consultations between ECA and the Department, it has been agreed that as of August 6 the ECA should assume in Washington those 'backstopping' responsibilities arising out of Public Law 472. It is recognized, however, that this entails a period of transition which it has been agreed in recent meetings between ECA and the Department may last until about September 15." (868.00/6-2248)

868.00/6-2448

Governor Dwight P. Griswold to the Director of the Office of Near Eastern and African Affairs (Henderson)

ATHENS, 24 June 1948.

DEAR LOY: If you could be in Greece now and feel the real optimism based largely on recent military successes, I am sure you would be amazed and likewise pleased. I am hoping that the present fighting will have a most successful result although we may not know for several weeks as there is much rugged country to be fought over.

This letter may sound somewhat pessimistic but I am sure that no matter how successful are the military operations, the troubles in Greece will not thereby come to an end. A more basic trouble in this country is the lack of a strong governmental system and the lack of strong leaders in the political arena. I am quite fearful that if the communist danger is considerably alleviated because of military successes that there will be an increase in the amount of fighting between the non-Communist political leaders. Under those conditions, it may be more difficult to maintain the Populist-Liberal coalition and it is even possible that there will be greater rebellion against the leaders within the parties.

I am writing this letter particularly because I understand that Mr. Grady is in Washington and you will undoubtedly be talking over such matters with him.¹ His political problems in Greece may be increased rather than decreased by successful military operations. My own judgment is that you can not build a government on the rightist parties and establish peace and quiet in Greece. There is too much of a tendency in those groups to carry on a "blood-feud" against all Greeks who do not agree with them politically. That type of thinking could easily create new Communists and lead to further trouble in the rather near future.

I realize that to fight communism a government must be strong, but it is easier to make that fight under leaders whose economic, social and political beliefs are a little to the left rather than those who are ultra rightists. I know it is difficult to maintain the proper balance, but I am sure that if the Greek rightist parties are allowed to follow their own desires they will keep this country in turmoil indefinitely.

In my opinion, it is very important that U.S. representatives in Greece try to build up the leadership of moderate and intelligent liberals to neutralize the prestige which goes to the rightist groups because of their larger voting strength. I hope that elections can be

¹In a marginal notation, Mr. Henderson stated he had discussed Governor Griswold's letter with Ambassador Grady.

held in Greece some time fairly soon. They certainly could hold municipal elections and also it might be possible to have election of members of Parliament in a great many areas. Those elections may not particularly change the parliamentary lineup, but whether or not, I feel my diagnosis above is still proper.

I think the enclosed editorial from "Eleftheria"² (left center) will be interesting in connection with the above.

Sincerely yours,

DWIGHT GRISWOLD

² Not found attached.

86S.00/6-1248: Telegram

*The Secretary of State to the Embassy in Greece*¹

SECRET

WASHINGTON, June 26, 1948—1 p. m.

856. Dept has noted with interest and approval views on development Grk situation expressed Belgrade tels 708 and 709 Jun 8,² Athens Embtel 1066 Jun 12 and Amag 1138 Jun 16. Analysis therein corresponds to thinking of Dept, which is endeavoring, through VOUSA and press contacts, to ensure realistic public interpretation of Markos and satellite peace overtures and thereby prevent development of false sense of security and incorrect impression that "war is over".

We appreciate that even if present hopes realized and back of guerilla movement in fact broken by present offensive operations, ensuing period will continue to be one of difficulty for US Greek policy. We anticipate that in Greece itself it will probably be necessary combat tendency toward political disintegration and relaxation econ controls once acute guerrilla threat removed. In US we may be faced with public clamor for reduction subsidies to Grk military establishment. In UN arena, it may be necessary discourage acceptance at face value satellite peace overtures which might lead some powers to oppose forthright consideration UNSCOB report and such future "watch-dog" or other UN action as may be indicated as necessary by report and situation prevailing in autumn.

Dept approves proposal suggested Amag 1138 for statement by Primin, which Rankin hereby authorized discuss with Sophoulis and Tsaldaris. If victory achieved or definitely in sight at time of statement, Primin might usefully stress importance continued unity, self-discipline and vigilance of Grk nation, at same time reiterating Grk

¹ Sent jointly to the American Mission for Aid to Greece as Gama 1018.

² Neither printed.

desire for reestablishment honest and good neighborly relations with Balkan States.³

Sent Athens [856]; rptd London [2423], Paris [2320], Moscow [725], Rome [1756], Sofia [408], Belgrade [334], Salonika [163] (Balcom) [183].

MARSHALL

³ Chargé Rankin discussed this paragraph with Messrs. Sophoulis and Tsaldaris. Both agreed that a possible statement by the Greek Government when decisive victory was in sight "should be unilateral (in no way suggestive of negotiations), that bandit leaders and those charged with common crimes who surrender must expect to face Greek justice, but that other rank and file will be treated magnanimously. They also agreed that at same time it doubtless would be appropriate to stress importance of unity, discipline and vigilance of Greek nation and to reiterate Greek desire for good relations with northern neighbors." (telegram 1270, July 8, 5 p. m., from Athens, 868.00/7-848)

868.00/6-3048 : Telegram

The Chargé in Greece (Rankin) to the Secretary of State

CONFIDENTIAL

ATHENS, June 30, 1948—7 p. m.

1211. According Greek General Staff following are total executions pursuant sentence by special courts martial: first week June 31; second week 23; third week 29; fourth week 64; total 147. (Last week includes 20 naval and 6 Ladas executions reported Embtel 1184 June 27.) Above figures unclassified except for source.

Embassy so far unable obtain exact figures on recent executions under jurisdiction Ministry Justice (December 1944 and other criminals). Minister Melas informs me that when he assumed office he warned both Prime Minister and Foreign Minister he would not proceed conduct executions at same rate as his predecessor. As apparent result this new policy executions have almost ceased, only four being officially confirmed and three more unofficially known to have taken place. Despatch will follow.

RANKIN

Editorial Note

Agreements between the United States and Greece and between the United States and Turkey respecting economic cooperation were signed at Athens on July 2 and at Ankara two days later, respectively; for texts, see Department of State, Treaties and Other International Acts Series No. 1786 and No. 1794; or 62 Stat. (pt. 2) 2293 and 2566.

Editorial Note

Turkish Ambassador Baydur called on Under Secretary Lovett on July 21 to discuss the possibility of his Government's adherence to

the Western European pact. Mr. Lovett stated that "US aid presently being furnished Greece and Turkey exceeds anything thus far requested by signatories Brussels pact, and any change which might tend to jeopardize existing satisfactory arrangements with Turks would be unfortunate." He suggested, regarding possible Turkish association with Western Union, that the "Turk govt should properly address itself to Brussels Pact signatories rather than US, which is not a member." (telegram 398, July 24, 2 p. m., to the Embassy in Turkey, 840.00/7-2448)

761.68/7-748 : Telegram

The Secretary of State to the Embassy in the United Kingdom

TOP SECRET US URGENT

WASHINGTON, July 21, 1948—1 p. m.

2846. For Ambassador only.

1. Dept informed by letter dated July 7 from Rankin in Athens¹ that Tsaldaris reported in strictest confidence approach made to him by member Soviet Emb staff latter part June but prior Cominform's denunciation Tito, proposing conversations be initiated between Grk and Soviet Govts for settlement outstanding difficulties. Prior condition would be Tsaldaris' promise to hold discussions personally in greatest secrecy without mentioning matter to anyone else in Grk Govt. It was intimated that Soviets were prepared discuss not only general relations Greece with northern neighbors but also questions Northern Epirus and Cyprus. Tsaldaris was noncommittal with Soviet rep and has taken no further initiative. Question worries him and he wishes expression our views on how this Sov approach may fit in general picture and suggestions as to how he should reply. He naturally is suspicious that purpose this Soviet move is to discredit him if he should engage in secret negotiations or to drive opening wedge for Soviet "mediation" between Grk Govt and Markos.

2. Please inform Bevin of foregoing, pointing out that so far as we know Tsaldaris has mentioned this to no one but Rankin. However, we would not wish to offer any advice without Bevin's knowledge and concurrence. It is our intention, if you and Bevin perceive no objections, to reply along lines of following paragraph.

3. In Dept's opinion no approach by Soviets should be flatly rejected, as any eventual hope for solution outstanding difficulties must envisage exchange of views. Although Soviet motives in suggesting discussions or negotiations are justifiably suspect, outright refusal of Soviet overtures would add substance to Communist propaganda that Western powers determined prevent *rapprochement* and divide world

¹ Not printed.

in two opposing camps. Method of approach to Tsaldaris, however, is in our view unacceptable. He would be well advised, we think, to inform Soviet rep that Grk Govt always willing receive Soviet views on problems mutual interest or those affecting international relationships among community of UN member states. He would therefore be happy to receive any views which the Soviet Govt wishes to transmit through its representatives in Greece. As such discussions are not personal matters, he could undertake no commitment to hold conversations on a personal basis but only as a rep of Grk Govt charged with the duty of reporting to his Govt.

4. We would also express to Tsaldaris our hope that he will keep us informed of developments in this matter and of any Soviet views expressed to him.

MARSHALL

868.20/3-1248 : Telegram

The Secretary of State to the Embassy in Greece

TOP SECRET

WASHINGTON, July 29, 1948—7 p. m.

1064. In view earlier Russian interest alleged Greek violations Italian Treaty (urdesp 308 March 12¹) use Dodecanese airfields by RHAF against bandits on islands would probably elicit Soviet protest and should therefore be avoided if not dictated by absolute military necessity.

In spite wording Art 14 para 2 Italian Treaty (urtel 1110 June 18²) Dept's opinion is that victorious ally who has been awarded territory as result Allied victory should not be placed in less favorable position than defeated enemy. Military clauses Italian Treaty after specifying destruction of fortifications and prohibitions for new constructions, state in several places that "this prohibition does not include other types non-permanent fortifications or surface accommodations and installations designed meet only requirements of internal character and local defense of frontiers" (Articles 47 b, 48 b, 50 para 4, Italian Treaty). Dept feels therefore that Greece has equal right to use

¹ Not printed; it reported information from the British Ambassador in Greece that the Soviet Ambassador at London had sent a note, dated January 8, 1948, to the British Foreign Office making inquiry about implementation by the British Government of Article 14 of the Peace Treaty with Italy. The Article provided that the Dodecanese "shall be and shall remain demilitarized", and about withdrawal of foreign troops, called for by the same Article.

The British reply stated that responsibility for demilitarization of the islands rested with Greece and that British troops, the only foreign troops involved, had been withdrawn well in advance of the date stipulated in the treaty (868.20/3-1248).

² Not printed.

Dodecanese military installations to maintain internal order or defend frontiers.

MARSHALL

863.00/8-248 : Telegram

The Secretary of State to the Embassy in Greece

TOP SECRET

WASHINGTON, August 2, 1948—4 p. m.

1080. For Amb only.

1. In interest preserving coordinated US-UK policy toward Greece Dept did not wish to give Tsaldaris its views on informal Soviet approach to him without prior UK knowledge and agreement. Therefore, Dept requested Douglas discuss with Bevin substance Rankin letter July 7 to Henderson, outlining our views on appropriate reply to Tsaldaris and seeking Bevin's concurrence and suggestions. In Dept's view no approach by Soviets should be flatly rejected even though motivations underlying such approach justifiably suspect. Tsaldaris might be advised to inform Soviet rep that as member Grk Govt he would be glad to hear Soviet views on problem of mutual interest. Of course he could not hold conversations on personal basis but would be happy to report Soviet views to Grk Govt.

2. Bevin agrees¹ in general with Dept's views but points out that approach may well be Soviet trap not only to discredit Tsaldaris with Grk Govt but also to aggravate uneasy partnership with Sophoulis. Bevin believes Tsaldaris should immediately inform Sophoulis of Soviet approach. He further feels that at outset Tsaldaris should indicate unequivocally to Soviet rep that he is not prepared to "discuss" Cyprus question.

3. You should seek early opportunity to inform Tsaldaris that, though Dept doubts good faith of Soviet approach, outstanding differences with USSR can never be satisfactorily solved without direct exchange of views. We therefore think he might, after frank discussion with Sophoulis and with latter's concurrence, inform Soviet rep that he would be glad to hear Soviet views on problems of mutual interest for transmittal on strictly confidential basis to highest levels of Grk Govt. It is Dept's opinion that Tsaldaris should make it clear he is in no position to "discuss" or negotiate at this time but can only receive Soviet views which must necessarily be considered by his Govt prior to more detailed discussion. You should also express to Tsaldaris our hope that he will keep us informed of all developments and Soviet views.

¹ Mr. Bevin's views were conveyed in Ambassador Douglas' telegram 3437, July 28, 8 p. m., not printed.

4. For your info Dept feels that gratuitous reference to Cyprus by Tsaldaris at outset would be uselessly provocative and would place undue emphasis on question which Soviet rep may not intend to mention. Bevin's objection to discussion of Cyprus will be adequately met, in Dept's opinion, if Tsaldaris makes clear to Soviet rep that preliminary conversations can consist only of his listening to Soviet views and that he is not personally authorized to express official Grk reaction to any point prior to consideration by Grk Govt.

5. Unless Tsaldaris indicates he has consulted British on this subject or is apprized our discussions with Bevin, you should not mention fact we have coordinated our views with UK before replying his request for advice. In any event, preferable not to disclose Bevin's attitude on Cyprus question.

MARSHALL

868.00/7-1448 : Telegram

The Secretary of State to the Embassy in Greece

SECRET

WASHINGTON, August 6, 1948—2 p. m.

1124. We are attempting to anticipate position USSR vis-à-vis Grk case in GA. If Soviet strategy elects to intensify "peace offensive" we feel component this strategy may be renewed effort to effect political solution in Greece or at least to discourage GA action by pointing to recent Markos compromise offers and also alleged willingness Albania and Bulgaria to resume diplomatic relations with Greece. If Markos military position continues to deteriorate it seems almost inevitable International Communism will intensify drive for political solution, thereby preserving elements Markos' organization as potential for future Communist activity in Greece and avoiding loss Communist prestige which would follow annihilation or rout of Markos' forces.

We agree with Athens (Athens 1400 July 23¹) successful Grammos operation would probably result in appearance Zachariades as paramount figure. However, it would seem strongest attempt at political solution would be made before Markos is eliminated as force in being. Such effort may well coincide with GA meeting. In view Markos' demonstrated ability to reinforce his position in Grammos and fact that developments in economic and security situation have failed to decrease number of refugees, it would seem unwise to assume cleverly directed campaign for political solution would not have appeal to significant number of people within Greece as well as in other countries.

Although difficult to estimate we feel Communist propaganda, uninformed reporting and certain Grk policies (particularly regarding

¹ Not printed.

executions and strikes) have succeeded in stigmatizing Grk Govt in some sectors of world opinion as being in only slightly better moral position than Communist aggressors. Consequently, it is possible that some UN member-nations might find compromise political solution attractive even at this late date. In US growing and not insignificant proportion of opinion sincerely questions whether US can continue support Grk Govt without compromise American ideals.

In order defeat possible Soviet efforts to deflect GA consideration from essential factors in Grk case, Grk Govt, as well as ourselves, must be prepared to answer attacks against internal policies Grk Govt. Though examination into internal policies ostensibly outside terms UN Charter, successful attempt by Soviet bloc to portray Grk Govt in unpalatable light would materially diminish enthusiasm for strong GA policy designed to support Govt against current aggression.

We approve unconditional surrender policy announced by Sophoulis and Tsaldaris in reply to Markos overtures, but we are concerned to know what policies are currently being applied to surrendered and captured guerrillas. We believe moderate and well-publicized "de-Markosization" and rehabilitation policy might increase guerrilla surrenders and mitigate bitterness on part friends and relatives of guerrillas which will otherwise provide reservoir of resentment against Grk Govt to be tapped at convenience of Communist and other subversive forces.

We suggest Grk policy regarding court-martial sentences be re-examined with view to reducing executions to minimum and as first step toward eventual halt in cycle of killing in Greece. Although executions for 1945 offenses have apparently been greatly curtailed we doubt public has ever distinguished between those offenses and executions for treason still currently being reported in press. We recognize Grk Govt may feel any formal, announced change in policy might be misconstrued as weakness, but we believe Govt should earnestly consider at least informal changes in policy which would tend to reduce capital punishments except in cases of principal guerrilla leaders and most heinous crimes. Even though Grk Govt is unable develop fundamental changes in current policies concerning executions (which we consider essential component any plan eventually to restore tranquility within Greece), simple political expediency requires all executions be held to absolute minimum pending termination GA meeting.

We appreciate delicate problem, ably analyzed Emb despatch 741,² involved in disposing persons sentenced for crimes committed during and after December revolution 1944. With regard to these crimes we would recommend only most heinous be punished by execution, that

² Dated July 14, not printed.

any executions be postponed for several months, that more lenient policy be adopted by clemency boards with view to commuting vast proportion of sentences and that no publicity be given to policy changes. Our views apparently conform closely to those of British Foreign Office listed as alternative number 3 in ref despatch.

Despite legal correctness Ladas' policy, it is important to remember that it was this policy which provoked storm of protest and was so successfully exploited by Communist propaganda agencies. We feel strongly new wave of unfavorable publicity could produce serious damage to reputation Grk Govt at this time.

We would appreciate summary latest execution figures for all types offenses, statement current Grk policies concerning court martial executions and treatment captured guerrillas, and Embassy's views regarding advisability approach to Grk Govt along foregoing lines.

MARSHALL

86S.00/8-648 : Telegram

The Ambassador in Greece (Grady) to the Secretary of State

TOP SECRET

ATHENS, August 6, 1948—7 p. m.

1532. Substance Deptel 1080, August 2 conveyed to Tsaldaris today but with no mention of Cyprus or fact US views had been coordinated with UK. Tsaldaris made careful notes on details of numbered paragraph three with which he expressed full agreement.

Greek military successes in Grammos make timing of any contact between Tsaldaris and Soviet Chargé Tchernychev particularly significant. Markos's avenue escape to Albania still open but his resistance might crumble any day followed either by retreat across frontier or possibly by his being cut off and forced to surrender.

Tsaldaris favors coordinating prospective Tchernychev contact with public statement by Greek Government along lines first paragraph Embtel 1270, July 8¹ and requests Department's views. He also inquires whether Greece has been mentioned in current talks of Ambassadors in Moscow² and whether we prefer take initial step there or have Greek Government do so in Athens.

Subject agreement US British and Greek military as to timing, and dependent any US steps taken or planned in Moscow, I suggest Greek Government should issue statement as agreed inviting surrender Markos rank and file. Appointment for Tsaldaris to receive Soviet

¹ Not printed; the bulk of the first paragraph is incorporated in footnote 3, p. 114.

² The discussions at Moscow by the United States, British and French Ambassadors with various Soviet officials began on July 30 in connection with the Soviet blockade of Berlin.

Chargé on following day could be made just prior to issuance of statement.

Tsaldaris appeared more optimistic over general situation than for many weeks. He recalled conversation he had in 1946 with Molotov in Paris when he asked latter what Soviet attitude toward Greece would be in case Russia failed in effort to expand to Mediterranean. Molotov replied that he would be ready to discuss matter if and when that time came. Tsaldaris thinks possibly time has now arrived.

Department's comment requested urgently.

GRADY

849C.01/8-348 : Telegram

The Secretary of State to the Embassy in Greece

CONFIDENTIAL

WASHINGTON, August 9, 1948—7 p. m.

1132. Brit FonOff disturbed at recent publicity regarding Cyprus touched off by reported views King Paul in *NY Times* article. Dept informed by Brit Emb rep that Bevin's reactions, already conveyed officially to Grk Govt by Brit Emb Athens, have been transmitted to you for your info.

In view strategic importance Cyprus and mutual US-UK interest in maintenance stability there, Brit hope we will back them up by indicating to Greeks our disapproval of exploitation Cyprus question at this time.

If suitable opportunity arises you may in your discretion express to appropriate Grk officials opinion that, though future status of Cyprus is primarily Anglo-Greek problem, agitation of question at this time would appear be disadvantageous to Greece and Western democracies, all of whom have common desire for maintenance stability in Eastern Mediterranean. Grk Govt has been wise, we feel, to take public position, as stated in Sophoulis announcement Aug 3 [4],¹ that active discussion Cyprus question at this time not in best interests Greece or friendly allies who are assisting Greece to resist aggression.

MARSHALL

¹ Mr. Sophoulis stated: "What the Greek people think about the Cyprus question is known to all Consequently what HM the King said in a friendly interview with a foreign press correspondent is nothing more than a repetition of the expression of the unanimous national feeling.

"However, bearing in mind the present delicate circumstances and the necessity for the preservation of an unhindered and sincere cooperation with the great allies, upon which the favorable solution of all our national problems depends, the Greek Government is obliged to point out to all concerned that, under present conditions, further rousing of public opinion on the Cyprus question does not promote the matter but on the contrary runs the risk of damaging the international position of our country." (telegram 1514, August 5, from Athens, 849C.01/8-548)

868.00/8-948

*Memorandum of Conversation, by Mr. Leonard J. Cromie of the
Division of Greek, Turkish, and Iranian Affairs*

SECRET

[WASHINGTON,] August 10, 1948.

Participants: Under Secretary Lovett
Greek Ambassador Vassili Dendramis
[Mr. Cromie, GTI]

Ambassador Dendramis called at noon, August 10, 1948, by appointment at his request.

Wounding of Lt. Col. Darnell

Ambassador Dendramis conveyed the regrets of the Greek Government and people at the wounding of Lieutenant Colonel Darnell, US UNSCOB observer, and their gratitude for the courageous and valuable activities of all the UN observers.

Requested Intervention re Albanian Aid to Guerrillas

Ambassador Dendramis stated that the Greek Army had been unprepared to undertake the Grammos offensive¹ but had nevertheless done so to comply with US wishes for the earliest possible liquidation of the guerrilla movement. The operation was apparently successful but at the cost of very heavy casualties, reaching as high as 10%. This effort and these sacrifices would be in vain if the guerrillas could now retreat into Albania and eventually return to Greece. Would it be possible, he asked, for the US to take advantage of the present conversations in Moscow² to ask the Russians to instruct their Albanian satellite to intern and disarm the guerrillas? The Greek Government was addressing a note direct to the Albanian Government on this subject, but thought this would have little effect. An alternative procedure would be a direct request to the Albanian Government in this sense by the US or French Governments.

Under Secretary Lovett replied that it would be quite impossible and improper for the US to interject the Greek question into the current Moscow conversations, which were being conducted on a tripartite basis and which concerned one specific area.

As for the Grammos operation, Under Secretary Lovett said he had supposed that the Greeks were just as anxious as the Americans

¹ In a briefing memorandum of August 10 to Mr. Lovett, Mr. Jernegan stated that "There are strong indications, though no positive evidence, that Yugoslav and Bulgarian aid to the guerrillas has been reduced or eliminated in recent weeks—possibly as a result of the Tito-Cominform rift and in anticipation of the forthcoming GA. The Markos forces in the Grammos are logistically based on Albania." (868.00/8-1048)

² For documentation on the quadripartite conversations on Berlin held at Moscow during August 1948, see vol. II, pp. 995 ff.

for the earliest possible liquidation of the guerrilla movement. He had been informed that the Greek Army was fighting well and successfully, and that the Greeks were excellent soldiers. Casualties were inevitable in fighting of this kind, and he wished to stress that the casualties suffered by the Greek Army to date were low, namely 510 killed, 2812 wounded, and 34 missing out of approximately 70,000 troops in the general area. US forces had suffered very much higher casualties during the war in air operations over Europe and in operations on certain Pacific islands where casualties had reached 34%. Unfortunately, Greek Army casualties were caused mainly by non-magnetic mines which inflicted leg wounds necessitating amputations and were therefore very apparent to the civilian population. He understood there were a large number of these amputee cases in one Athens hospital.

Despite the inevitability of losses, the Under Secretary continued, the only way to beat the guerrillas was by fighting and not by writing notes. Every effort should be made to wipe them out. Some would, of course, escape across the border but they would have no heart for returning to Greece if they had received sufficiently rough treatment by the Greek Army and were assured of more of the same. The Albanian Government had shown very little respect for international law in the past and the chief deterrent to further Albanian or other foreign aid to Markos would be vigorous prosecution of offensive military operations in Greece, just as the punishment of criminals in domestic society is the chief deterrent to crime. If the guerrillas are cleared out of Greece, it should be possible for UNSCOB and the Greek Army to prevent further incursions into Greek territory along the short Albanian border. The Department would, of course, give consideration to the Greek proposal for some direct approach to the Albanian Government, but he could give the Ambassador no assurances as to what action, if any, would be taken. Ambassador Dendramis replied in the negative when asked whether the Greeks have requested the French to intervene with the Albanians.

(NB. The Ambassador left a *note verbale*, No. 782, of August 9, 1948,³ on this subject.

The US member of UNSCOB has been instructed to propose that UNSCOB address a note to the Albanian Government stating that it expects that Albania will either refuse admission to the Greek guerrillas or disarm and intern them in accordance with international law. Balcom 197, August 9.⁴)

Allocation of Bombers to the RHAF

Without making any specific request, Ambassador Dendramis raised the problem of air support for the anti-guerrilla offensive. Spitfires

³ Not printed.

⁴ Identified also as telegram 1131 to Athens, not printed.

carried only one small bomb each, he pointed out, and it would therefore be desirable to provide the RHAF with bombers. This would have the additional advantage of raising GNA morale and lowering that of the guerrillas.

Under Secretary Lovett observed that bombers would be of little value in destroying small fortified points in mountainous terrain. This was the case in Okinawa. It was necessary to close in on such fortifications, preferably with artillery. Moreover, as an airman, the Under Secretary felt that diving and strafing by fighter planes was about as shattering to enemy morale as bombing. The Under Secretary also pointed out that the Greek forces had the advantage of no enemy air opposition.

Progress of Moscow Conversations

Before taking his departure, Ambassador Dendramis inquired as to the progress of the Moscow conversations and whether a Foreign Ministers meeting was likely to be held. Under Secretary Lovett replied that one must always be optimistic but that he could not yet say whether the current talks, which were in the nature of *pourparlers* rather than negotiations, would result in a meeting of the CFM.⁵

⁵ This memorandum was summarized, partially, in a telegram of August 12 to Athens. The telegram noted additionally Mr. Lovett's statement to Ambassador Dendramis concerning the "opinion US mil authorities Greece that high morale and excellent fighting qualities Grk soldiers would assure victory over guerrillas with present scheduled equipment if offensive vigorously pursued"; that if UNSCOB sent the communication to the Albanian Government suggested in Balcom 197, the Greek request might thereby be answered; and that the Department would call to the attention of the Greek Government the "deplorable morale effect of public discussion in Greece of alleged high casualties and equipment deficiencies" (No. 1153, 868.01/8-1248).

868.00/8-1148

Memorandum by the Coordinator for Aid to Greece and Turkey (McGhee) to the Under Secretary of State (Lovett)

SECRET

[WASHINGTON,] August 11, 1948.

Subject: US Military Assistance to Greece

Following is a summary of my impressions of the current military situation in Greece obtained during my recent visit, together with certain recommendations as to future US policy in furnishing military assistance to Greece.

DISCUSSION

1. When present US policy of supplying military and economic assistance to Greece was announced by President Truman on March 12,

1947, there was imminent danger that Greece would fall to the communists, either through:

- a. Military control of the country by the communist-led guerrillas, or
- b. Economic collapse followed by communist seizure of the government.

At that time Greece appeared to be in greater danger than any other country outside of the "iron curtain" threatened by communist domination.

2. Although objectives of the Greek Aid Program have not as yet been fully achieved, the situation is so much improved that there is at present believed to be no immediate danger that Greece will fall, unless the communists adopt some entirely new approach, such as armed invasion or substantial infiltration by non-Greeks, of which there is no present evidence. This fact, together with increase in communist pressure in other areas, has reduced the disparity between the situation in Greece and that in other European countries facing economic difficulties and the threat of communist aggression. It is believed that Greece is now much less a "special case", demanding special consideration and treatment. (Current British view is that Greece is no longer a "special case".) This view is based on the following reasoning:

a. US and UK military representatives in Greece believe that it is within the capability of the Greek armed forces to defeat the main guerrilla concentration in the Grammos area, consisting of some 8000 men, during this season's campaign (weather makes effective operations difficult after September). With the assistance of the US military advisory group the Greeks are now displaying the fighting spirit required to realize this capability. (See Amag 1472,¹ received August 7, 1948.) It is expected that a considerable number (perhaps 20-30%) of the Grammos guerrilla forces will be killed or captured, and that the supply routes leading into Greece from Albania through the Grammos will be denied.

There will still remain at least 15,000 guerrillas dispersed over the mountainous areas, particularly along the northern border of Greece. Away from the border areas, however, these concentrations will be small in comparison with the Grammos concentration, and the morale of the guerrillas should be lowered by the defeat of their principal concentration and the capture or expulsion of the Markos government. The already precarious supply lines of the guerrillas should be further jeopardized and they should have difficulty in maintaining control over troops serving under duress.

b. Once the Grammos concentration is defeated, it is not believed that a force of Greek guerrillas of the size or with the morale of the Markos movement at its height can be built up again under communist auspices. It is believed that Greeks have by now become convinced that the Markos movement is controlled by Greece's enemies, who seek to dominate their government and separate from Greece Greek Mace-

¹ Dated August 4, not printed.

donia and western Thrace, and that Greeks who were not attracted when the true nature of the movement had not yet been revealed, will not volunteer now in substantial numbers. With continued American assistance, even though on a reduced scale, the Greek armed forces should, moreover, be able to keep the residual guerrilla movement under sufficient control to prevent its growth by impressment.

c. Even though the economic situation in Greece remains critical and though economic recovery can not be assured within the period of the ERP, economic collapse has been averted, reconstruction of Greece's vital transportation facilities has been substantially completed, and it is believed that the Greek economy can at least be held together for the next four years, assuming continuation of the ERP and cooperation of the Greek government.

3. Even when the Grammos concentration is defeated, it will still be necessary for the Greek forces to remain on the offensive, in order to complete the liquidation of the guerrillas in so far as possible while their morale is low and their supply and command disorganized. It is assumed that this "mopping-up" operation will continue through the winter and into the spring and that even at that time, and possibly for an indefinite period in the future, there will remain a residual guerrilla movement in Greece, which will require a continued holding action by the Greek army and gendarmerie forces.

4. As soon after the defeat of the Grammos concentration as is practicable, however, and increasingly as the remaining guerrilla bands are liquidated, positive efforts must be initiated to reduce the size and cost of the Greek armed forces. This is in accordance with US policy of supporting the Greek army only to the extent required to maintain internal security, and in accordance with the mandate of Congress, who cut the Greek Aid appropriation requested by the Department of State by \$50 million on the assumption that support of the Greek army would be drastically reduced after successful termination of the guerrilla campaign this fall. A reduction in the internal Greek military budget and a return of manpower in the Greek armed forces to productive occupations is, moreover, necessary, if Greece is to take full advantage of the 4-year opportunity she has under ERP to achieve economic self-sufficiency.

This reduction should, however, be done in an orderly way and in accordance with a plan worked out by the Greek government and AMAG, which will assure a gradual transition to the residual Greek armed forces which AMAG feels is required to control the residual guerrilla movement expected. This must assure, among other things:

a. An orderly absorption of the excess army manpower into the Greek economy through regular employment or work relief;

b. Efficient reorganization of the Greek armed forces at the reduced level; and

c. Prevention of loss of Greek morale and encouragement of Greece's enemies which would result from too rapid withdrawal of US support

5. Reduction in the size of the Greek armed forces and in US military assistance to Greece will be strongly opposed by the majority of Greek military and political leaders, who desire to maintain large forces for defense against possible future invasion and for bargaining power in the general Balkan struggle. Responsible leaders even press at this time, when victory in the Grammos is in sight, for an actual increase in the Greek National Army up to totals of 250,000 men. In addition, there is a disturbing tendency, which is quite similar to the Greek demands for mountain artillery last fall, to insist that new weapons, such as bombers, must be provided the Greek army before the guerrilla forces can be liquidated, even though:

a. The guerrillas have not received air support thus far.

b. Introduction of new types of aircraft would require a considerable training period of Greek pilots before they could become operational and would not appear soon enough to influence current operations.

c. The cost of US fighter-bombers is prohibitive compared to the cost of British Spitfires.

d. New problems of maintenance and supply would accompany the introduction of new types of aircraft.

6. Three telegrams (Nos. Amag 1445, July 28, 1948; Amag 1454, July 30, 1948; and Amag 1470, August 3, 1948²) which have come forward recently from AMAG should be considered in the light of this background.

a. Amag 1454, July 30, 1948, recommends absorption of the existing National Defense Battalions into the Greek National Army, increasing the army from the present temporary ceiling of 147,000 to a permanent ceiling of 182,000. The representation that this can be done within the existing budget is not believed to be realistic in view of the increased transportation, communication, supporting weapons and overhead requirements, and in the light of the cut of \$50 million in the Greek-Turkish Aid appropriation forced by Congress. In addition the budget is dependent upon the allocation between Greece and Turkey which has not yet been determined.

b. Amag 1445, July 28, 1948, recommends the inclusion of thirty P-47 aircraft in the Greek military program. This involves a large initial expenditure plus the cost of an expanded Greek air force and continued upkeep.

c. Amag 1470, August 3, 1948, recommends increase in the size of the US Air Mission in Greece.³

² None printed.

³ This telegram requested additionally that the Air Section of JUSMAPG be established as a separate Air Force Group, on a parity with the Army and Navy Groups (868.20 Mission/8-348).

7. In taking action to reduce future US military assistance to Greece, the overriding consideration is believed to be the necessity for eliminating guerrilla threat to internal security and providing reasonable assurance against its reappearance. Future US assistance must assure that Greece remains a free and independent state, and this factor must be taken into consideration in determining the timing of the reduction, the manner in which it is presented to the Greek people, and the nature and magnitude of US assistance to the Greeks in coping with the residual guerrilla problem Greece will encounter. At no point must the impression be given either to the Greeks or to the rest of the world that the US has lessened its determination to assist Greece in maintaining her independence and territorial integrity.

RECOMMENDATIONS

It is recommended :

a. That a review be made of US policy to determine what if any long range interest this Government has in a Greek military establishment over and above that required to maintain internal security in Greece. This is of course a matter for joint consultation with the UK, which is known to have a long range interest at least in the Greek navy, and is related to US policy with respect to support of the "Western Union" countries, as well as to the other countries bordering the communist sphere of influence.

b. That AMAG be advised that no steps are to be taken which would result in greater permanence or increase in the size or cost of the Greek armed forces, and that as soon after the defeat of the Grammos concentration as is practicable an orderly reduction in the size and cost of the Greek army is to be effected.

c. That AMAG be requested to make a study recommending the size of the Greek army, navy, air, NDC, and gendarmery forces that will be required :

(1) To conduct necessary operations following the defeat of the Grammos concentration during the period required to bring the guerrilla movement under control.

(2) To maintain neutralizing action against the residual guerrilla forces, and

(3) To give best estimate as to time schedule for reducing to these levels.

d. That at the same time AMAG be requested to make a study as to what types of current supplies and equipment now on order or currently projected will not be needed if the recommended reduction in the size of the Greek armed forces and change in their mission is effected.

e. That AMAG also be requested to advise the earliest practicable date on which the Greek armed forces can be taken off the US army rations now being furnished them, and responsibility for their feeding placed on the economy of Greece.

f. That AMAG be requested to advise what reductions can be made in the size of the US Military Missions in Greece and what their function should be after the guerrilla movement has been brought under control, as well as what personnel changes will be required in order to reflect the change in mission.

g. That as soon as the external cost of the Greek armed forces can be reduced to an amount which can be supplied from Greek foreign exchange earnings, the US discontinue the furnishing of military supplies and equipment directly to Greece, the increased burden on the Greek economy which will result must be taken into consideration in allocation of economic assistance to Greece. The present agreement between the Greek government and this Government gives the US adequate control over Greek military expenditures, both internal and external. This implies that there will be no need for a special request to Congress for Greek military aid after this objective can be achieved.

h. That at the time the Greek government is advised of the foregoing, the policy of this Government of supporting Greek territorial independence and integrity be reaffirmed and assurance given that the US will, either directly or indirectly, assist the Greek government in maintaining the internal security forces required to maintain this objective.

868.00/8-648 : Telegram

The Secretary of State to the Embassy in Greece

TOP SECRET

WASHINGTON, August 11, 1948—7 p. m.

1144. Dept agrees in general with suggested procedure penultimate paragraph Embtel 1532 Aug 6, and would stress particularly concurrence of US, Grk and Brit military as to timing of statement which, for maximum impact, must appear as "lead from strength". On other hand, while coincidence of statement with resumption Tchernychev contact would be desirable, it would not seem absolutely essential. Accordingly, if military situation should not seem to justify immediate issuance of statement, there would nevertheless seem to be no reason why Tsaldaris, after clearing with Sophoulis, should not now hear what Tchernychev has to say.

Similarly Dept sees no conflict between Tchernychev contact and Moscow talks. Greece has not been and is not expected to be discussed in those exchanges. Dept believes it advantageous that initiative come from Soviets and that clarification by Tchernychev of present Soviet attitude toward Greece could only be helpful.

As to nature of proposed statement by Grk Govt, it is felt that for maximum appeal to guerrillas and world opinion it should be as specific as possible re actual and proposed handling of rank and file rather than mere reiteration of Govt's magnanimous intent.

Govt has correctly refused to deal with guerrillas as insurgents. However world opinion would doubtless regard as impractical and unjust

any effort to process or treat as individual criminals 20,000 armed men who have been operating in effect as organized Army under military discipline.

Foregoing views may be conveyed Tsaldaris at your discretion.

MARSHALL

868.20 Missions/8-348; Telegram

The Secretary of State to the Embassy in Greece

SECRET

WASHINGTON, August 11, 1948—7 p. m.

Gama 1239. Dept has approved establishment of separate Air Force Group (Amag 1470 Aug 3¹) to have equal status in Mission with Army and Navy Groups. Approval was recommended by Army and Air Force Depts.

Second question of increasing size of Air Force Group to total of 41 raises question whether such increase is necessary or desirable at this stage of military assistance program. If guerrilla warfare passes its climax, and scale of operations diminishes, Mission military groups will presumably decline in size. Dept inclined to approve increase Air Force Group only if such increase necessary to establish balance among groups with full cognizance of foregoing.

Please comment further.²

MARSHALL

¹ Not printed; but see Mr. McGhee's memorandum of August 11 and footnote 3, p. 127.

² Ambassador Grady, on August 18, informed the Department that he still considered 41 the necessary minimum size of the Air Force Group. A group of such size would be able to influence training and maintenance procedures of the Royal Hellenic Air Force, with a goal of doubling the monthly hourly employment rate per assigned aircraft, thereby doubling striking power with no further increase in aircraft or personnel (telegram Amag 1493, 868.20 Mission/8-1848).

In view of these comments, the Department approved, on August 24, the proposed increase to 41 (telegram Gama 1258, 868.20 Missions/8-1848).

867.20/8-1348

Memorandum by the Chief of the Division of Greek, Turkish, and Iranian Affairs (Jernegan) to the Coordinator for Aid to Greece and Turkey (McGhee)

SECRET

[WASHINGTON,] August 13, 1948.

Subject: Plans for Reduction of Greek Armed Forces

After further discussion of your memorandum of August 11 with Ray Hare¹ and Leonard Cromie, I think I can state NEA's position as follows:

¹ Raymond A. Hare, Deputy Director of the Office of Near Eastern and African Affairs.

(1) We are in substantial agreement with the recommendations of pages 5 and 6 of the memorandum.

(2) We still feel that the tone of the body of the memorandum is a little too optimistic. Despite the recent successes of the Greek forces, the latest report of the Military Attaché at Athens estimates a slight increase in the total number of guerrillas in Greece. There is still no evidence of collapse or disorganization among the guerrillas in the Grammos concentration, and the bands elsewhere in Greece are continuing at a high rate of activity. It appears that the guerrillas are still able to recruit new members by impressment.

(3) Because of the uncertainty as to the time when the present guerrilla forces may be "brought under control" and as to the possibilities of their reforming in Albania for new incursions into Greece, we would prefer to see your memorandum phrased more on the basis of an hypothesis rather than as a prediction of early victory. I realize that in the memorandum you have emphasized the necessity for careful timing and cautioned against premature reduction of the Greek forces, but it still seems to me that the first few paragraphs would give a casual reader the impression that the fight is virtually over and that we should immediately begin retrenchment.

(4) It appears to us that the only question which we might decide in Washington without further consultation with our people in Athens is that of our long-range interest in the Greek armed forces. This, of course, requires consultation with the Armed Services and probably with the British. NEA's present view on this question is that while it might be politically desirable to maintain a fairly large Greek force as an encouragement to the Greek people and as a deterrent to attack by the neighboring countries, it would be practically impossible for us to support such a force once the guerrilla menace is substantially eliminated. We do not see any means of obtaining large funds from Congress for this purpose, especially since the next Congress is generally expected to be even more economy-minded than the past one. Furthermore, I believe AMAG considers that the internal costs of the present Greek Forces are so heavy a drain on the national budget that real economic recovery is impossible until there is a reduction in their size. You probably know more about this than I, but if it is true it would seem that in Greece's own interest we should choose the lesser of the two evils and risk the undesirable consequences of Army reduction in order to release funds and material for economic rehabilitation, once the immediate internal security threat is eliminated.

(5) In line with your recommendations, we feel that Ambassador Grady and General Van Fleet, in consultation with the ECA Mission, should be requested immediately to make a thorough re-study of the

situation in all its aspects and provide the Department with full information to enable us to estimate the timing, manner and extent of retrenchment which may be made in the Greek forces. I do not think we need necessarily have a firm decision regarding our possible long-range interest in the Greek forces before requesting such a study. We can simply tell the Ambassador that for the present we are still operating on the assumption that we would not have such a long-range interest but that it is not a final position. He might himself have some observations on this point which would be of use to us.

I shall be glad to join you in any meeting you may arrange with appropriate officers of the National Defense establishment.²

² Mr. McGhee's memorandum of August 11 was discussed on August 16 by Messrs. Wilds, Hare, Jernegan and George H. Butler, Staff Member of the Policy Planning Staff. The group concluded unanimously that "no basic policy decisions are to be taken until after the receipt and study of the reports called for in the telegram to Embassy Athens." (Mr. Butler's memorandum of August 16 to Mr. McWilliams, 868.00/8-1148.) The telegram referred to, Gama 1246, August 16, is printed on p. 135.

868.20/8-1348

Memorandum by the Secretary of the Army (Royall) to the Coordinator for Aid to Greece and Turkey (McGhee)

TOP SECRET

WASHINGTON, August 13, 1948.

Subject: Future Governmental Policy in Greece Affecting Greek National Army

1. Reference your draft letter, Subject: US Military Assistance to Greece, dated 11 August 1948,¹ the Plans and Operations Division is in general agreement, but requests consideration of the following specific comments in connection with future (military) policy in Greece:

a. Reference paragraph 2a: The Grammos Operation, while progressing at an accelerated tempo in the past few weeks, will not result in a decisive, conclusive defeat of the guerrillas in the Grammos area. The net results of the operation will probably be:

- (1) Ejection of guerrilla forces from the Grammos area.
- (2) Destruction or capture of approximately 20 to 30% of the guerrilla forces now in the Grammos area.
- (3) Release of some of the GNA divisions now engaged in the Grammos area for operations elsewhere.
- (4) Denial of logistic support through the Grammos area from routes leading into Greece from Albania.

A build-up in guerrilla forces in the Roumeli area (1000) and in the Peloponnese (2500) has occurred, and an increase in recruiting activities in other areas is taking place.

¹ Copy not found in Department of State files.

b. Reference paragraph 4: It is believed that the conclusion of the Grammos Operation will not reduce guerrilla capabilities to such an extent that an immediate reduction in GNA strength can be planned. The reduction phase can only occur after a definite and significant reduction in over-all guerrilla capabilities is an accomplished fact. The Greek military establishment as it presently exists appears to have a sufficient preponderance of means to accomplish this objective without an increase in strength.

c. Reference paragraph 5b: It is agreed that the introduction of new types of aircraft, particularly, is not advisable based on consideration of the following factors:

- (1) The guerrillas have not received air support thus far.
- (2) Introduction of new types of aircraft would require a considerable training period of Greek pilots before they could become operational and would not appear soon enough to influence current operations.
- (3) The cost of US fighter-bombers is prohibitive compared to the cost of British Spitfires.
- (4) New problems of maintenance and supply would accompany the introduction of new types of aircraft.

Fighter-bombers have been used with outstanding success against the guerrillas, hence the premise that the operation is essentially an artillery-infantry operation is not correct. It is not believed desirable to categorically assume the attitude that no new type of weapons will be required, but certainly the attitude of certain Greek officials and elements of the Greek press in implying that the present means are insufficient is not justified, and should be stopped for reasons of morale.

d. Reference paragraph 6a: Any raise in the authorized strength of the GNA through absorption of NDC spaces or other means does not appear justified at this time. Absorption of the NDC into the GNA will greatly increase costs by:

- (1) Increase transportation and communication requirements.
- (2) Increase the requirement for supporting weapons.
- (3) Serve as a justification for an increase in overhead in the form of more headquarters, etc.

2. In connection with the recommendations made, the following factors should be considered:

a. A specific determination of how the future supply of the Greek Army is to be effected.

b. Initiation of definite assurance to the Greek Government that US interest in the maintenance of their national integrity is not a transitory matter, but that restoration of civil order and economic stability are matters of paramount immediate importance, and that a reduction in military expenditures may be necessary to achieve this.

3. A reduction in Greek forces immediately after the Grammos Operation appears to be premature and should be based upon recommendations from the field.

4. Recent reports that the satellite countries have withdrawn support from Markos should receive careful scrutiny and continuing study.

For the Secretary of the Army:

WALTER H. GRANT

Lt. Colonel, GSC

868.00/8-1348 : Telegram

The Secretary of State to the Embassy in Greece

RESTRICTED

WASHINGTON, August 13, 1948—7 p. m.

1161. Baltimore *Sun* Aug 12 carries article by Philip Potter, attributed to State Dept sources, discussing possibility new Greek elections under international observation after successful termination antiguerrilla campaign. Article is misleading some respects and misrepresents Dept views, particularly alleged quotation of unnamed official calling for elections "as soon as possible because the present govt is unrepresentative."

If queried on this story, Dept proposes comment as indicated below and suggests you do likewise in answer any questions by Grk press or officials:

"When and whether new elections will be held in Greece and whether foreign supervision will again be invited, as in 1946, is a matter exclusively within the province of the Greek authorities. There have been no formal discussions of this subject between Greek and American officials.

The present Greek Government enjoys the support of a large majority of the Parliament, chosen in the elections of 1946, which were certified by 1,155 foreign observers, including 692 Americans as representing 'a true and valid verdict of the Greek people'. The State Department, therefore, has no reason to believe that the present Greek Government is unrepresentative.

Naturally there is continuous speculation in the Greek press and political circles regarding currents of opinion and the holding of new elections, and Mr. Potter's article reflects this speculation."

MARSHALL

Editorial Note

Secretary of the Air Force W. Stuart Symington conversed with Turkish President Inonu at Ankara on August 16. His report of August 20 to Secretary Forrestal noted that "President Inonu stressed the following three factors: (1) Turkey's conviction they are in danger from Russia; (2) Turkish desire not to bear the brunt of any such

conflict alone, although their decision has already been made to do so if necessary; and (3) Turkey's desire for increased sympathy from, and understanding with, the United States."

The report also pointed out the Turkish President's view that "Russian aggression will remain a constant threat to Turkey; and therefore he felt he must seek assurance that American aid to revitalize the Turkish Armed Forces would continue, and not be cut off mid-way in the program." (867.00/8-2048)

868.20/7-3048 : Telegram

The Secretary of State to the Embassy in Greece

SECRET

WASHINGTON, August 16, 1948—7 p. m.

Gama 1246. Proposal respecting absorption of NDC battalions into GNA (Amag 1454¹), as did P-47 request (Amag 1445¹), raises important questions with reference US policy toward future support of Greek Military Establishment. Present policy, as you know, contemplates assistance to Greek armed forces sufficient only to eliminate guerrilla forces as a security menace and thereafter to maintain Greece's internal security, not to resist an armed invasion or for any other purposes. For your info there is no present indication that there will be any change in this policy.

Dept's info indicates that defeat of Grammos concentration is imminent and that following this defeat additional military action will be required in other areas before guerrilla menace is brought under control. It is assumed that all of the ensuing action may not necessarily require full strength present GNA and NDC. Reestablishment of internal order in Greece, however, need not mean complete annihilation or capture of all guerrilla groups, since some residue of guerrilla activity in mountains Greece is likely to continue indefinitely, and not necessarily as organized instrument of communist policy. US policy is to assist Greece in reducing guerrilla forces to point where they can be controlled by a Greek army of police proportions and such gendarmerie or NDC units as may be required.

Once this objective has been achieved, Greek armed forces should be reduced as quickly as practicable to size and types required to sustain a successful neutralizing action, and should ultimately reach a level not greater than that which Greek Govt can support from own foreign exchange earnings. It is recognized that support of even a drastically reduced military force will constitute serious drain on Greek external

¹ Amag 1454, July 30, and Amag 1445, July 28, neither printed; but see paragraph numbered 6 in Mr. McGhee's memorandum of August 11, p. 127.

financial resources and will thereby increase Greek foreign exchange deficit, and that this factor will have to be taken into account in estimating total of economic assistance required by Greece in future years. Greek military expenses can, however, be strictly controlled under terms present agreement between US and Greek Govts and will constitute legitimate drain upon Greek domestic and foreign financial resources as in case other ERP countries.

Proposal to absorb NDC battalions into GNA seems to run counter to foregoing considerations, since units absorbed would be given more permanent status. Statement in Amag 1454 that changes could be effected within budget not understood in light of fact no firm allocation has yet been made by Dept between Greece and Turkey of presently authorized funds (see Gama 1001²), and in light \$50 million cut which Congress intended should reduce Greek allocation to \$150 million in event guerrilla forces substantially defeated this season, which now appears possible. If premise of Congress is met, it will probably not be practicable to request restoration of cut.

In view these considerations Dept cannot now concur proposal contained in Amag 1454 or any other action involving greater permanence or increase in size or cost of Greek army and AMAG is requested to review present and prospective military situation in Greece and report soon as practicable your recommendations:

1. Size Greek army, navy, air, NDC, and gendarmery forces that will be required:

- a. To conduct necessary operations following defeat of Grammos concentration during period required to bring guerrilla movement under control, and

- b. To maintain neutralizing action against residual guerrilla forces, and

- c. Your best estimate of time schedule for reducing to these levels.

2. What types of current supplies and equipment now on order or currently projected will not be needed if recommended reduction in size of Greek armed forces and change in their mission is effected.

3. Earliest practicable date on which Greek armed forces can be taken off US army rations now being furnished them, and responsibility for their feeding placed on economy of Greece.

In determining amount and timing of reduction in future US military assistance to Greece overriding consideration is necessity for eliminating guerrilla threat to internal security and providing reasonable assurance against its reappearance. It remains our policy to assure that Greece continues a free and independent state, and at no point must impression be given either to Greeks or to rest of world that US

² Dated June 23, p. 108.

has lessened its determination to assist Greece in maintaining independence and territorial integrity.

In addition to foregoing military estimates you are requested to advise economic and political effects to be anticipated from reduction size of army and US assistance and measures that will be required to alleviate any acute problems created.

For time being none of foregoing should be discussed with Greeks.

MARSHALL

868.00/8-1448 : Telegram

The Secretary of State to the Embassy in Greece

CONFIDENTIAL

WASHINGTON, August 20, 1948—7 p. m.

1207. Dept gratified by apparent statesmanlike resistance of Sophoulis and Tsaldaris to threatened disintegration coalition Cabinet (Embels 1563 Aug 11 and 1591 Aug 14¹).

While Dept cannot evaluate Liberal allegations of inability effectively control Ministries allotted to them, it is curious that they should risk what control they do exercise by threatening resignation.

Does explanation perhaps lie in belief supposed US "preference" for Liberals will either force concessions by Populists which would improve Liberal electoral prospects or, if resignations accepted, that freedom would be regained to attack Govt in view eventual electoral campaign? Latter connection there would seem danger that Liberals and centrists, especially of Lambrakis-Tsouderos school, may be sufficiently alarmed by apparent strong rightist trend Grk public opinion to seek support of Grk leftists and "liberal" world opinion by again espousing appeasement policy towards fellow-travelers and communists.

Dept believes that US policy of general support of broadly based Govt, in effect present coalition, without involvement in questions of particular combinations or personalities has been useful and should, if feasible, be continued. It would, however, seem mistake to give Liberals impression that coalition is considered sacred by US and that they may accordingly indulge in any extravagance with assurance of US support. Best means of avoiding abovementioned danger of Liberal flirtation with Left would, of course, be urge them remain in present Coalition. However, if coalition breaks down despite best efforts, it would seem preferable in view of this danger for us to remain completely aloof rather than attempt influence formation of combination in which Liberals would have upper hand.

¹ Neither printed; the former message advised that "With advent significant Grammos victories and renewed hopes return normal political life, continuation of coalition government again threatened by dissension." (868.00/8-1148)

Intimation to Liberals we are unwilling intervene in any crisis they might precipitate might be best means avoiding threatened coalition breakdown.

In addition, obvious arguments might be used that crisis would undermine Army and public morale and thwart necessary united effort mop up remaining guerrillas and launch reconstruction program after Grammos, that it would seriously weaken Grk position during GA, and that it would provide wedge desired by Communists to reinsinuate themselves into Grk political life. It might also be helpful if Populist and Liberal leaders could be persuaded to postpone differences by agreeing on definite later date for fixing time and circumstances of elections. Date selected might be late winter or early spring by which time it should be clear whether guerrilla problem has been reduced to police proportions and whether satellite neighbors disposed respect *status quo* Greece. If elections judged feasible, political leaders might then decide either to maintain coalition or relinquish power to mutually acceptable service Govt under neutral figure. Because of possible interim death or incapacity Sophoulis, it would of course be preferable that other Liberal leaders should participate in such agreement and that concurrence of political chiefs outside Govt likewise be secured.

Dept realizes you are in best position determine most appropriate and proper means of safeguarding US interests in connection with recurrent and delicate problems created by Grk internal politics, and would appreciate your comments this subject.

MARSHALL

868.00/8-2148 : Telegram

The Ambassador in Greece (Grady) to the Secretary of State

SECRET

ATHENS, August 21, 1948—5 p. m.

1640. We concur fully in Department's analysis of probable USSR tactics in GA vis-à-vis Greek question (Deptel 1124, August 6) and with its conclusion that Soviet campaign for political solution to preserve maximum of Markos and/or KKE forces and prestige may well start before end of Markos episode. This connection . . . and Sofia's clear telegram of August 12¹ repeated Athens as 82, indicated that Soviet campaign to obtain political solution already started. Press campaign apparently commencing in Bulgaria suggests one possible Soviet approach may be recommendation for "cease fire order" along lines adopted by UN in Palestine.

¹ Not printed.

We also agree that, using as starting point stigmas which Communist propaganda, uninformed press reporting, etc., have succeeded in attaching to Greek Government, USSR undoubtedly will endeavor divert GA consideration of essential factors by attacking internal Greek policies, perhaps particularly that of executions since this to Russians is very heart of successful Greek struggle against Communists. We further agree that both Greece and US must prepare answer these attacks, but believe they may best be met by positive presentation Greek position on its merits. Alternative policy could be represented as last minute attempt reverse or cover up previous Greek policies and might well have unfortunate effects on international opinion and jeopardize success Greek struggle against Communists.

In specific case of executions, reversal present policy would not afford protection against anticipated Soviet attack in GA nor substantially strengthen our position. On contrary, to do so would we believe tend play directly into Soviet hands by (1) confirming to questioning public correctness of Soviet interpretation which, loudly trumpeted by Soviet propaganda machine, has been refuted by US both to public and, in private, to other United Nations members (Deptels 558, May 7² and 605 May 15); (2) conceding to Communists what their past tactics (Ladas assassination, propaganda barrage, protests, etc.) were designed to achieve, that is, stopping of executions; and (3) actually according them "favorable political solution" which their anticipated tactics are designed to attain, that is, opportunity save "hard core" for future armed attempt.

As we see basic problem, Greeks have succeeded in defeating, although not yet completely routing latest Communist attempt (Markos) conquer Greece, and unless prevented by outside influences Greeks will reduce immediate problem to police proportions this year. US task is therefore two-fold: (1) To see that nothing prevents Greeks from finishing job well started or robs their victory of its effectiveness, and (2) to protect Greece as UN member from outside aggression, that is, block new Communist attempt from across border by, *inter alia*, creating or strengthening necessary UN machinery to achieve this end. US tactics to attain first objective, as far as UN concerned, must be primarily defensive particularly since this objective is one which anticipated Soviet tactics in GA principally designed frustrate. Unless we feel we have sufficient ammunition to accomplish this we might well borrow leaf from Soviet book and adopt delaying tactics, even to point of recommending that GA consideration be postponed until

² A repeat of No. 1651 to London, p. 82.

late in season "in light of new situation in process of development". Pursuit of objective (2) would thereby be delayed but not unduly, for consolidation or military victory against Markos must be effected in coming weeks if it is to be accomplished this year, and consideration of Greek case would remain on agenda for discussion before end of session.

We do not, however, believe delaying tactics should be necessary since Greek case is far stronger in our opinion than world opinion believes. We think Greek representative should early in GA meeting make crystal clear that Greece is not requesting UN assistance in putting down internal rebellion which it can and is handling itself, but is on other hand seeking UN action in primary function of UN—to prevent external aggression (Chapter 1, Article 1, paragraph 1 of Charter). Greece's friends in UN should, therefore, confine themselves to point at issue, aggression from without, and dismiss Communist attacks on Greek internal policies by reference Greek statement and by stressing UN obligation to protect members from aggression and to refrain from intervention in internal affairs member states.

Greek statement concerning its internal policies could be forceful and we believe convincing. To take the question of executions, since Department appears feel this weakest link: From liberation in 1944 to August 1, 1948 as result of two major armed Communist attempts overthrow legitimate government and almost continuous minor activities of treasonable character, Greek Government has executed after legal process 1824 persons, 234 (2 during last month) as result of crimes arising from and in connection with first Communist attempt (December 1944 revolution) and 1590 (102 during July) arising from current Markos movement. These figures should be considered in light extreme ruthlessness of Communist conduct and the numbers openly involved in movement which doubtless have exceeded 50,000 since 1944.

State not only pardoned thousands of political crimes (treason) but also adopted lenient policy towards those guilty of criminal acts in first Communist attempt, and in disregard of its own laws failed execute death sentences against majority of those duly convicted of heinous common crimes in vain hope its leniency would contribute to peaceful settlement. This policy has been deliberately misinterpreted and portrayed as weakness by political interests determined to exploit these criminal elements, and Greek state ultimately forced in self protection to enforce justice more firmly. Greek state did not do so, however, until it was obvious that political leadership behind these criminal elements was irreconcilable and Greece had been plunged into

second major and even bloodier armed conflict, this time flagrantly aided and abetted from across northern frontiers.

Even in midst of struggle for its very existence, Greek policy has been extremely lenient; fair trial is afforded, only those guilty of most flagrant acts of open treason are condemned to death, and sentences of many of these are commuted to imprisonment. (Policy regarding execution of sentences not rendered by full majority of court remains same as previously reported. Embassy despatch 444, April 14³.) Legal stand, against which guilt is measured is clear and understandable to all and is not, per se, political in character. Policy toward even those actively fighting in rebel ranks is extremely liberal; those who can prove they were forcibly recruited and who have no previous criminal record are held to have been "misled" and are released to find their place again in society (separate telegram this subject will go forward shortly).

With reference general problem, while believing firm Greek policy not only justified but essential to defeat of Communist rebellion and ultimately to slowing down and eventual stopping of "cycle of killing" in Greece, we agree Greek Government has not derived fullest advantage possible leniency actually shown. To this end such propaganda as has been directed against guerrillas emphasized "forgiveness" for rank and file. Government contemplates, when Markos ranks are in full rout, issuing appeal to rank and file to return to normal life. Exact form, substance and timing of this appeal has not as yet determined, but we believe both US and Greek Governments must resist those elements within their respective countries which, for partisan political or other reasons may agitate for full political amnesty. Though this may and perhaps should be granted in effect to all who can be deemed to have been "misled", cannot be done until after the state has successfully reasserted its dominance and then only in practice, not as matter of stated policy. At that time, we believe Department's suggested "de-Markosization" and rehabilitation plan should serve as useful solution, although continued firmness will be essential to repression of anticipated program small-scale but wide-spread sabotage and terrorism by Communists. Essential to success of any such plan, however, is impartial and unbiased administration of justice, which must remain free as possible of personal or political influence, Greek or foreign.

Sent Department, repeated London 157, Paris 100, Belgrade 75, Sofia 73. Department please pass Moscow 60.

GRADY

³ Not printed.

868.20/8-2548 : Telegram

The Ambassador in Athens (Grady) to the Secretary of State

SECRET

ATHENS, August 25, 1948—10 p. m.

Amag 1508. At my request General Van Fleet has given me following memorandum re Gama 1246 August 16. He does not concur in statement in paragraph two below "air" prepared by General Matheny.¹ As Chief JUSMAPG he believes that savings can be made in RHAF budget, namely that C-47's should not be ordered and that AT-6's on order should be cancelled.

"1. The present help [from] US [for] GNA and NDC will be required until 1 December 1948 in order to execute operations now planned in Peloponnese, Agrafta-Metsovon area and the larger concentrations along the northern border, of which Vitsi area is immediately urgent. Considerable troops will also be necessary to occupy Grammos, Vitsi, Kaimaktsalan, Belles and Boz-Dag areas to prevent same from being established as guerrilla bases this winter. If GNA is successful in eliminating the present remaining larger concentrations of Communist-led guerrillas by 1 December, a further recommendation at that time can be made to reduce NDC strength of 50,000 to approximately 30,000. Final strength of permanent Greek forces cannot be established before 1 April 1949. If there is no large internal threat next spring, the armed forces can be drastically reduced.

"2. No expansion or reduction in size of RHAF visualized at present. The increased cost of aircraft required to partially maintain present strength of RHAF will make little if any savings possible from amount now contemplated for air force. It is estimated that RHAF transport (C-47) strength will be reduced automatically by 15 percent and the reconnaissance (AT-6) strength by 20 percent by 1 July 1949 because of limited purchases of these models occasioned by rising prices. Further recommendations regarding final peacetime strength of RHAF cannot be made before April 1949.

"3. Navy simultaneously with cut in Greek Army and anticipated reduced requirements for support thereof, a decrease in personnel can be recommended commencing 1 December 1948 from present total of 14,300 to 11,100. Consequent placing of ships in reserve or recall by British of ships now on loan will result in savings of present appropriation for logistic support. Further recommendations regarding final strength of permanent navy cannot be established before 1 April 1949.

"4. Earliest date on which Greek armed forces can be taken off US ration is 1 December 1948, and responsibility for their feeding thereafter placed on economy of Greece.

"5. Since early this month when Grammos battle appeared very favorable many military aid items have been cancelled, including both capital and maintenance equipment. A complete revised estimate of requirements is being studied and some additional savings will no doubt be effected.

¹ Brig. Gen. William A. Matheny, head of the Air Force Group in JUSMAPG.

"6. With savings thus made and Greek economy (with ECA assistance) providing rations effective 1 December, full \$50 million cut can be absorbed by Greece. In other words, sum of \$150 million is sufficient to maintain, including rations, present armed forces until 1 December 1948, and thereafter to 1 July 1949 an average strength of: Army including NDC—160,000; Navy—11,100; Air—6,500; *gendarmerie*—22,000; and civil police—8,000, not including rations.

"7. Any further reduction until next spring would have a demoralizing effect on Greek morale and would seriously jeopardize planned future operations. No encouragement should be given to Communist-led bandits by premature reduction of military strength. It is believed that too much optimism has been spread by Grammos battle. Many guerrillas of that area have withdrawn to Albania and elsewhere. In Greece there are still approximately 17,000 Communist-led guerrillas. There is still a considerable threat to the security of Greece.

"8. Director JUSMAPG has adhered strictly to the mission of elimination of the internal threat. He has repeatedly resisted recommendations both from Greek and British sources, on spending money for security against external threat or for a period longer than current appropriations will provide."

My comment follows in separate telegram.

GRADY

868.20/8-2848 : Telegram

The Ambassador in Athens (Grady) to the Secretary of State

SECRET

ATHENS, August 28, 1948—7 p. m.

1700. I concur Van Fleet's appreciation factors militating against any immediate drastic reduction Greek armed forces (paragraph 7 Amag 1508, August 25). Withdrawal several thousand Grammos guerrillas to Albania, their probable reinfiltration other frontier regions, and concentrations guerrilla forces border areas, particularly Vitsi and Murgana districts, emphasize close connection international aspects Greek question with problem establishing and maintaining country's internal security. This objective cannot be satisfactorily attained unless large-scale trans-frontier movements checked. Under present circumstances any tangible steps toward "sealing of frontiers" devolve upon Greek army.

I share Van Fleet's opinion that Greek armed forces can be drastically reduced next spring—perhaps even earlier date—in view favorable prospects for reducing internal public order problem to police proportions within next few months. However, I must emphasize that external factors probably will be more decisive than internal, and that neither Greek Government nor Americans in Greece are in position influence former except to minor degree. If Greece is to preserve its sovereignty and territorial integrity US military aid must continue

to be extended as long as threat from north exists, even if only of indirect Markos pattern. Economy of Greece cannot in foreseeable future support modern armed forces above level needed to meet normal problems of internal security.

While inclined toward optimism, therefore, I believe it would be grave error for US to think of Greek problem primarily in terms of any fiscal year. USSR seems favor series of five-year plans, and we should not count on ending military aid to Greece (nor let Greeks know we are even considering termination of such aid) until it becomes evident that threat of external aggression, direct or indirect, has been largely removed. This obviously will depend in first instance upon success of US efforts in cooperation other western powers, through UN or otherwise, to persuade Russia that aggression does not pay.

GRADY

868.20/8-3048

*Memorandum by the Coordinator for Aid to Greece and Turkey
(McGhee) to the Under Secretary of State (Lovett)*

TOP SECRET

[WASHINGTON,] August 30, 1948.

Subject: Request for NSC Decision on Long-range US Military Interests in Greece and Turkey

DISCUSSION

1. Present US policy toward military assistance to Greece and Turkey is embodied in President Truman's message to Congress of March 12, 1947¹ and subsequent testimony before Congress and is being implemented on the basis of Public Law 75, 80th Congress. This policy calls for support of the Greek military establishment to the extent required to achieve internal security in Greece and, concurrently, limited military assistance to Turkey which will contribute toward modernization of the Turkish armed forces and increase in Turkish morale to resist Communist pressure. Secretary Marshall stated in testimony before Congress in requesting additional appropriations under this Act for fiscal year 1949, that no assurance could be given that the above objectives could be achieved in any given period of time. Nevertheless, appropriation requests have supported the above policy only on a year-to-year basis, and there is no policy or appropriation to sustain any policy for long-range or any other type of support.

2. If the defeat of the Grammos guerrilla concentration is followed by substantial reduction in guerrilla activity generally, this Government must take action to secure reduction in the size and cost of the

¹ For information on President Truman's message to Congress, see editorial note, *Foreign Relations*, 1947, vol. v, p. 110.

Greek military establishment, in order to carry out the mandate of Congress in deducting \$50 million from the amount authorized for Greek-Turkish aid in fiscal 1949 on the assumption that the Greek Army could be reduced after the defeat of the guerrillas. (See memorandum to Mr. Lovett from Mr. McGhee of August 11 attached.) AMAG has been queried as to what reductions will be possible and when. (Gama 1246 of August 16 attached.)

3. Prior to approaching the Greek Government with respect to any reduction, however, it is believed that a thorough review should be made of US policy, particularly in the light of possible future US military support of the "Western Union" countries and after full consultation with appropriate UK authorities, as to long-range US interest in the military establishments of Greece and Turkey, or interests over and above those implicit in present policies, to which we are prepared to give concrete expression.

4. This issue is also raised by CINCNELM in attached top secret dispatch No. 211510Z to C & O [CNO] and CHNAVGRP Greece with respect to the Greek Navy, in which the UK is known to have a long-range interest.

5. The desirability for formulation of long-range US policy with respect to the Turkish military establishment is indicated in TUSAG 483 to CSGPO, Personal for Wedemeyer (attached), which states in part "that future aid program should be integrated with strategic concepts to achieve maximum benefit".

RECOMMENDATIONS

It is recommended that the Department request the National Security Council for a decision defining the long-range interests of this Government in the military establishments of Greece and Turkey, including the extent to which the US is prepared, subject to action by the Congress, to give tangible support to such interests.

CONCURRENCES

GTI: John D. Jernegan
NEA: Raymond A. Hare

ATTACHMENTS²

1. Copy of memorandum of 8/11/48 from Mr. McGhee to Mr. Lovett, subject "US Military Assistance to Greece".
2. Top Secret Dispatch 211510Z from CINCNELM. (under separate cover)
3. Secret cable Tusag 483 of 8/23/48.
4. Secret cable Gama 1246 of 8/16/48.

² None found attached.

S68.20/8-2848 : Telegram

The Secretary of State to the Embassy in Athens

SECRET

WASHINGTON, September 3, 1948—6 p. m.

Gama 1274. Request amplification your 1700 August 28 commenting on Amag 1508 August 25 and Gama 1246 Aug 16. Dept does not propose immediate drastic reduction Greek armed forces and appreciates difficulties still to be faced in bringing guerrilla forces under control, however, Dept seeking plan which can assure achievement objectives implicit present Greek Aid Program within budget set by Congress. Proposal in Amag 1508 does not seem satisfy this requirement in that proposed reduction is apparently to be accomplished largely by shift of burden from Greek-Aid to ECA funds, which not possible under present ECA program through first quarter 1949 since Greece's share relatively fixed, and which would not satisfy mandate Congress effect real reduction US assistance once guerrilla forces brought under control. If this true Dept feels conclusion Amag 1508 that only savings possible before 1 April are 20,000 from NDC and 3,200 from Navy should not be accepted now as final but that further evaluation of situation should be made on or before 1 Dec. If campaign has progressed satisfactorily such evaluation might permit recommendations for initiation of token reductions this calendar year followed by more substantial reductions starting early next year.

There is now no basis for policy of continued US military assistance to Greece as long as there is threat of external aggression, as recommended par 3 your 1700, but Dept agrees this should not be communicated Greeks.

Re Emb 1700 Greek economy cannot of course in foreseeable future support itself or Army without outside assistance. With additional economic aid, however, Greece could support external cost of Army required to neutralize residual guerrilla force from her meager foreign exchange earnings.

Your further comment requested points raised by Gama 1246 and Amag 1508, including difference in view between Generals Matheny and Van Fleet on savings in RHAF budget indicated par 1 Amag 1508 and whether immediate cutbacks possible, also date at which feeding of Greek armed forces can be placed on Greek economy assuming it cannot be reflected in increase this year's Greek ECA allotment. Plan of recommended reductions in cost and size of Greek armed forces to conform \$150 million budget also requested as soon as progress present campaign against guerrillas permits.

MARSHALL

868.20 Mission/9-748

*Memorandum of Conversation, by the Secretary of State*¹

SECRET

[WASHINGTON,] September 7, 1948.

Participants: Sir Oliver Franks, British Ambassador
The Secretary of State

Mr. John D. Hickerson, Director for European Affairs

Sir Oliver Franks, the British Ambassador, called by appointment made at his request at 11:20 this morning. He said that he had received a telegram expressing Mr. Bevin's concern over the possibility, in view of recent favorable developments in Greece, of the withdrawal of the U.S. Military Mission in Greece.

The Ambassador said that Mr. Bevin feels that in spite of the gratifying developments of recent months in Greece, there will continue to be attacks on the Greek Government from within and without the country for a considerable period of time. Mr. Bevin believes that the steadying influence of the U.S. and British Military Missions present in the country will be essential for a considerable period of time. The Ambassador said that the British Government has been attacked from the Left Wing of the Labor Party about its Greek policy over a considerable period of time and that it would be practically impossible for the British Military Mission to continue in Greece if the U.S. Military Mission were withdrawn.

I told the Ambassador that with the continued military success of the Greek army against the guerrillas, it is our hope that by December it will be possible to begin a reduction of the Greek army looking to elimination of the necessity for further U.S. military appropriations. I added that we have no intention of withdrawing our Military Mission from Greece until the situation there is well stabilized. I went on to say that in my opinion this will not happen any time soon, certainly not in the next year.

I told the Ambassador that I wanted to make a final comment off the record. This was that if we find it necessary to withdraw our Military Mission from Greece, I fully expect that the U.S. Government will give the British Government more notice of this intention than Mr. Bevin gave me in February 1947 in regard to the necessity for the British Government to discontinue its support of Greece.

¹ Drafted by Mr. Hickerson; approved by the Secretary of State.

711.67/9-948

Memorandum of Conversation, by the Secretary of State

SECRET

[WASHINGTON,] September 9, 1948.

Participants: The Secretary
Feridun Cemal Erkin, Turkish Ambassador
J. C. Satterthwaite, Director, NEA

On his first call on official business Ambassador Erkin referred to the repeated queries which he has received subsequent to his return to Ankara from Rome last February whether it was true that Turkey intended to change its policy, forsaking its close ties with Great Britain and the United States and signing a pact of friendship with the Soviet Union. He added that he had assured those asking this question that it was completely untrue. Turkey's foreign policy, he said, is firmly based on friendship, cooperation and solidarity with the United States.

Mr. Erkin said that in his view the reason for these reports was the following: After the former Soviet Ambassador to Turkey had been absent from Ankara for some eighteen months the Soviet Government suddenly requested the *agrément* for the present Ambassador, Mr. Lavrishev. He (Erkin) returned to Ankara from Rome (where he was Ambassador) at about that time and both the Prime Minister and the Foreign Minister requested his opinion as to the meaning of this appointment. They wondered if it might mean a renewal of the pressure which the Soviet Government had exerted on Turkey two years previously. Mr. Erkin told them that he did not think so. Turkey had given a resounding no to such pressure then and was prepared to do so again. Such a rebuff would therefore mean a loss of prestige for the Soviet Government. He thought it more likely that the Soviet Union wanted to soften the Turkish Government and to propose a pact of friendship. Actually Ambassador Lavrishev has not as yet made such a proposal. He has, however, made soundings which made it probable that he would have done so had the response been favorable. In the meantime the Soviet propaganda line has been aimed principally at the political and economic difficulties being encountered by the Turkish Government.

With reference to the political difficulties Mr. Erkin went on to refer to the great desire of his government, as expressed by his predecessor, to adhere to the western union or some other regional arrangement within the framework of the Vandenberg resolution. He himself had raised this question with Mr. Lovett and had been told that the present time was not opportune. Turkey was, however, very anxious indeed to effect such an arrangement. He would, therefore, wait until the State Department approached him or until it seemed to him that the time

was propitious for such an arrangement. He mentioned as a possible alternative regional arrangement one including Turkey and Greece having the support of Great Britain and the United States.

The Ambassador then went on to make what he said was a personal suggestion that, pending the association of Turkey with a suitable regional security system it might be advantageous if the United States Government were to declare its interest in Turkey in terms somewhat bolder than those used in the Greek-Turkish Aid Bill.

The Ambassador then went on to say that in connection with the Soviet propaganda line attacking certain economic weaknesses in Turkey, he found it necessary to raise again the urgent matter of the sale of Turkish tobacco to the American and British Zones of Germany. I said that I was familiar with this problem. I assured the Ambassador that the Department supported the Turkish position and that we were doing everything we could to work out an arrangement satisfactory to Turkey. He could be sure that whatever claims the Soviet propaganda might make regarding economic imperialism on the part of the United States that was not the real reason for the difficulty over the sale of Turkish tobacco in one of its well established markets.

Remarking that he had but recently arrived here and had not, therefore, had time to familiarize himself with the manner in which Congress operates, I explained to him the procedure under which expenditures are authorized by Congress after hearings held before the Foreign Relations and Foreign Affairs Committees, but that the money itself then has to be justified before the Appropriations Committees and that the amount recommended in legislation already approved is not always made available. I pointed out that in almost every aspect of our foreign policy we had to depend on the appropriation of large sums of money by Congress. ECA and the War Department, who had the principal responsibility for the purchase of tobacco in Germany, desired to make the right decision. It was, however, essential for them to get along with the members of the Appropriations Committees if they were to obtain the wherewithal with which to maintain their departments and carry out the responsibilities with which they were charged.

I also mentioned the fact that the implementation of Soviet foreign policy, being based on a gangster system, costs very little. The United States on the other hand is charged with enormous responsibilities and with the absolute necessity of making huge expenditures in areas like Japan where no one else is willing to foot the bill. I mentioned our commitments in the Far East for the reason that it is impossible for us to cut down on our expenditures there and this means that it is natural for Congress to endeavor to make reductions in expenditures for Europe.

Inasmuch as the Department is already doing everything that it can to effect a speedy arrangement of the tobacco problem, it was agreed upon the Ambassador's departure that we would facilitate interviews for him with Mr. Hoffman of ECA and Assistant [*Under*] Secretary Draper of the Army Department.

868.20/9-1548 : Telegram

The Secretary of State to the Embassy in Greece

SECRET

WASHINGTON, September 15, 1948—7 p. m.

Gama 1282. In meeting with Grk Amb Aug 31 Sec emphasized importance pursuing present military campaign against guerrillas with utmost vigor during remainder current season, and that any tendency relax military effort during this season should be resisted.

In memo Sep 8¹ Grk Amb states agreement Grk Govt with statement by Sec but attempts establish inconsistency between Sec's statement and recent letter of Gen Van Fleet to Chief Grk Gen Staff. Memo says in part: Van Fleet emphasizes necessity reducing Army to approved force 132,000, plus 50,000 Natl Guard, even before Oct 20, 1948. Reason for this measure, as stated Gen Van Fleet's letter, is that eventual overdrawing credit by end Dec 1948 would necessitate large reduction size armed forces by next spring when strong forces might be required for resumption large-scale operations. Also Gen Van Fleet, after considering credits available, announces eventual further reduction army. Also specifically asks study be made for possible reduction Natl Guard to 20,000 men. Balance Grk note concerned with tasks facing Grk Army in effort show impossibility reducing Grk armed forces.

Dept reply Grk memorandum proposes reiterate position Sec there must be no letdown present campaign against guerrillas, but also to add following, which calculated strengthen your hand any subsequent discussions Grk Govt affecting reduction armed forces and at same time transfer detailed discussions this subject to Athens: Not possible this early date predict outcome this campaign, however, in event it does succeed in bringing guerrilla menace effectively under control, is incumbent upon Dept and AMAG, in accordance with expressed wish Congress, work for early reduction U.S. expenditures for direct support Grk military establishment. This will be matter continued discussion between Ambassador Grady and Gen Van Fleet and your

¹ Not printed.

govt as military situation develops, and you can be assured views your govt will be given full consideration before any action taken.

Before replying Grk Emb Dept would appreciate your views foregoing and info that has thus far been communicated Grk Govt with respect possible reductions in size or cost Grk armed forces. In view possible morale effects Dept has assumed in Gama 1246² that plans with respect future support Grk armed forces would not be discussed with Grk Govt pending outcome current campaign and submission Dept your recommendation.³

MARSHALL

² Dated August 16, p. 135.

³ Ambassador Grady advised on September 29 of his belief that the Department was correct in making Athens rather than Washington the place to carry on discussions concerning reductions in the Greek armed forces. He noted that it had "not been possible to develop a realistic program of considerable reductions for this calendar year due to slowing down of operations following Grammos victory." He stated also that Lieutenant General Van Fleet's conversations on reductions with Greek officials had been limited to eliminating the overstrength beyond agreed limits (telegram Amag 1582, 868.20/9-2948).

868.20/9-2048 : Telegram

The Ambassador in Greece (Grady) to the Secretary of State

SECRET

ATHENS, September 20, 1948—10 p. m.

Amag 1562. There follows memo of General Van Fleet in reply to Gama 1282, September 15.

"The letter which Greek Ambassador referred in his memo to Secretary of State was undoubtedly my letter to General Yiadjis dated 31, August 1948. In that letter I stressed two main points: (1) Serious excesses which have developed in both GNA and NDC must be eliminated on or before 10 September 1948 bringing combined GNA-NDC and Esso trainees ceiling within authorized strength of 197,000 and (2) calling chief of Greek General Staff's attention to fact that funds were authorized for 15,000 temporary overstrength for period of six months only to provide flow of replacements. This period ends on 20 October 1948 and I called his attention to fact this overstrength must be eliminated on or before that date, leaving GNA with total strength of 132,000 and NDC 50,000 or total strength of Greek land forces of 182,000.

"Two above points were main ones of my letter, but I also, as seen in paragraph 4, stated that studies were being made of status of funds for GNA and that it was entirely possible that as a result of these studies there might be required a further reduction of 20,000 in NDC sometime after 1 December 1948.

"This letter did not refer to general program of reduction as outlined in Gama 1246 of 16 August and was sent to General Yiadjis in

order that he might have due warning with reference to reduction of GNA-NDC to strength previously authorized by State Department.

"It is my suggestion that in answering Gama 1282 that my letter to General Yiadjis be quoted in full so that State Department may have complete understanding of my position in this matter."

There follows verbatim text of aforementioned letter from Van Fleet to Yiadjis:

[Here follows text of letter.]

I may add Department is correct in assumption that contents of Gama 1246 has not been discussed with Greek authorities by anyone in mission.

GRADY

868.20/9-2948 : Telegram

The Ambassador in Athens (Grady) to the Secretary of State

SECRET

ATHENS, September 29, 1948—9 a. m.

Amag 1581. I have delayed replying to Gama 1274¹ requesting amplification of Embassy's 1700,² first, to permit final section of my comments on Gama 1246,³ sent as Toeca 174⁴ to be received and studied and, secondly, to permit Colonel Walker who was sent to Athens by Department of Army especially on this problem to reach some conclusions. General Van Fleet yesterday handed Colonel Walker written reply to his request for specific information. Walker is scheduled to return to Washington today.

As Colonel Walker's mission was to determine (1) the future reductions of Greek armed forces to a strength that can be supported by Greek economy, (2) the monetary savings resulting from the reduction, (3) the possibility of the release of the 50 million dollars held in abeyance, and as Colonel Walker carries back a written report which will reach Department as soon as this telegram I do not propose to comment extensively here, believing that points Department had in mind in writing Gama 1274 can best be answered in conference with Walker.

I do wish to draw Department's attention to General Van Fleet's present plans for Greek armed forces. In Walker memorandum he

¹ Dated September 3, p. 146.

² Dated August 28, p. 143.

³ Dated August 16, p. 135.

⁴ Dated September 7; it gave the comment of the ECA Mission in Greece on telegram Gama 1246 (868.20/9-2948).

states that no reduction is contemplated in air force, navy or civil police. No reduction in GNA strength of 132,000 is considered possible prior to April 1 at which time the internal situation may make possible a cut of 12,000. Based upon an improved military situation in Greece by December 1 the NDC can be reduced by 20,000 but further reduction cannot be expected prior April 1. With improved security an additional cut of 25,000 may be possible then. A reduction in the *gendarmerie* to 22,000 is expected by December 1. He recommends that the entire category C personnel be discontinued completely as a military project by December 1.

To maintain, including rations, armed forces of this size through June 30 General Van Fleet recommends that 15 million of the 50 million held in abeyance be released to Greece and that 10 million be held in reserve for Greece or Turkey, decision to be made on January 1 next. He suggests the remaining 25 million be released immediately to Turkey. My economic advisers commenting upon the ability of the Greek economy to absorb a greater part of armed forces cost, thus enabling the future reduction of some of the 10 million dollars held in reserve, state that Greek economy cannot assume any additional military expenditure this fiscal year.

In view of military situation now existing in Greece, I feel that I must adopt the recommendation of my chief military adviser particularly as his calculations are based upon Department's policy of assisting Greek armed forces only to eliminate guerrilla forces as a security menace. We have learned, however, that elimination of guerrilla control from one border pocket, such as Grammos, permits their reinforcement in other pockets and, consequently, any single GNA victory must be viewed with restrained optimism. Since the overall picture has worsened rather than improved since the Grammos victory, it is not realistic to establish a program for action this calendar year of a general phased reduction in Greek armed forces.

In reference to second numbered paragraph of Amag 1508,⁵ I wish to report that I have reviewed a statement from General Matheny on combat effectiveness of RHAF and General Van Fleet's comments thereon directing that savings be made wherever possible. I have approved General Van Fleet's instructions to General Matheny not to order any C-47's and to reduce the order of AT-6's from 30 to 23. Full routine report upon this will be submitted through JUSMAPG.

GRADY

⁵ Dated August 25, p. 142.

868.20/9-3048

*Memorandum of Conversation, by the Secretary of State*¹

SECRET

[PARIS,] September 30, 1948.

Participants: Mr. Tsaldaris, Foreign Minister of Greece and Chairman of the Greek Delegation

The Secretary

Mr. Villard

I received Mr. Tsaldaris at his request this afternoon. He said he desired to bring to my attention a contemplated step in the program of American aid to Greece whereby the strength of the Greek Army would be reduced by approximately 15,000 men, effective October 20. This reduction, which had been decided upon prior to the recent operations in the Grammos area, had the approval of General Van Fleet but not that of the Greek General Staff.

Mr. Tsaldaris felt that the heavy losses incurred by the Greek Army in the Grammos operation now made it inadvisable to carry out such a plan and that on the contrary the size of the Greek forces should be increased in order to terminate the guerrilla activities before winter conditions set in. In order to study the facts at first hand, Mr. Tsaldaris requested that General Van Fleet and Ambassador Grady should come to Paris to confer with me and, subsequently, discuss the situation with him (Mr. Tsaldaris).

Mr. Tsaldaris pointed out that following the Grammos success, morale in Greece had fallen owing to failure on the part of the Greek Army to clean up the guerrillas immediately. He therefore feared the effect on Greek public opinion of the proposed reduction in size of the Army, particularly as this would lessen the opportunity for rest and recuperation of the fighting forces and the training of reserves.

I said I was well aware of the problem involved. From my personal experience, I knew that the first flush of military success was all too often followed by impatience and disappointment on the part of the public. I was also familiar with the political aspects of this particular problem. We were confronted with the necessity of asking the Congress this year for additional funds for the Greek aid program and I felt sure that General Van Fleet had been compelled to take into account economic considerations of this nature in approving the suggestion for a reduced force.

¹ Presumably drafted by Henry S. Villard, an Adviser to the United States Delegation at the Third Session of the General Assembly, then meeting in Paris. The Secretary, who was Chairman of the Delegation, initialed the memorandum, which was received in the Division of Greek, Turkish, and Iranian Affairs on October 13 and in Mr. McGhee's office on October 19. A marginal notation indicates that the memorandum was seen by Mr. Lovett at an undisclosed time.

Mr. Tsaldaris said that he had a memorandum on the subject which he would send me. When he again urged that advantage be taken of my presence in Paris to confer with General Van Fleet and Mr. Grady, I informed Mr. Tsaldaris in strictest confidence that I intended to visit Athens at some appropriate moment in the course of this General Assembly. I asked him to keep this information to himself and particularly not to let anyone in Athens know of my intention. Mr. Tsaldaris assured me he would respect my confidence and that this answer completely satisfied his present request.

As a guide to his own planning for Greece, Mr. Tsaldaris then asked for my views on the course of world events in the next ten to twelve months. I described in some detail the situation as I saw it; that in our relations with the Soviet Union we had reached a milestone; that we no longer had any illusions and that the published story of the Berlin negotiations² had brought the light of day onto the real motives behind Soviet policy. It was our hope that with the curtains now drawn aside, the force of world opinion would in time cause the Russians to change their front. I said that in the end, as I had remarked to Soviet and satellite leaders, the truth must prevail over their evident distortions. The world now had the facts and this constituted a new point of departure.

In conclusion, I described to Mr. Tsaldaris in general terms the recent progress we had made toward military preparedness and the problems involved in making military supplies available to others. Mr. Tsaldaris expressed his thanks and remarked that by next Spring, if training proceeded on the present schedule, Greece would be able to put into the field between two-hundred and two-hundred and fifty thousand soldiers in case of eventualities.

²The reference is to Department of State Publication 3298, entitled "The Berlin Crisis: A Report on the Moscow Discussions, 1948". This publication was released on September 27, 1948.

868.20/10-148: Telegram

The Chargé in Greece (Minor) to the Secretary of State

TOP SECRET

ATHENS, October 1, 1948—noon.

NIACT

1969. Prime Minister last night transmitted to the Embassy Top Secret memorandum regarding increases in Army, Navy, *Gendarmerie* and Air Force considered necessary by Greek Government and services for continued successful prosecution guerrilla war. Memorandum originated by Minister War Stratos and GGS at request Prime Minister and Tsaldaris final draft prepared with collaborative consultation Foreign Office other interested Ministries and Prime

Minister. Summary being prepared and will be cabled. Embassy's and AMAG's comments and recommendations will follow.

Foreign Office has informed Embassy an exactly parallel though not identical memorandum carefully compared by cable to contain same points, will be handed Secretary by Tsaldaris in Paris. Tsaldaris has also informed Foreign Office that he made same points in conversation with Bevin two days ago (Foreign Office not aware whether Bevin will be handed copy of memorandum) and received assurance his support though Bevin stated his position in matter delicate since US will be required foot the bill.¹

Sent Department 69, repeated Paris 154, London 173.

MINOR

¹ The Department advised Athens on October 5 that in view of the presentation of the Greek memorandum, the Department was not sending to the Greek Ambassador the reply proposed in Gama 1282, September 15, p. 150 (telegrams 1415 and 1419, 868.20/10-148, 10-548).

868.20/10-148 : Telegram

*The Acting Military Attaché in Greece (Tidmarsh) to the Secretary of State*¹

TOP SECRET

ATHENS, October 1, 1948.

PRIORITY

Mid 493. Re Embtel 1969, October 1. Memo submitted by Greek Prime Minister to US Ambassador dated 30 September summarized:

Memo began with US plans to reduce Greek military expenditures by 20 percent as from January, 1949. This plan based on assumption Grammos (Crown²) successful termination would result in liquidation most guerrilla bands by fall 1948. To date no decisive results attained present war because bandits defending very heavily fortified border positions (Grammos, Vitsi, Murgana) and then upon eve of their defeat they withdraw into neighboring countries where GNA cannot follow, thereby making GNA tactical successes nonconclusive and unfruitful.

Memo pointed out US aid has been too late. Bandits have been able to receive aid prior to receipt Greek aid.

Memo stated need for immediate revision tactics to guard GNA against aid to bandits from neighboring countries. GNA unable protect own frontiers and at same time wage war against bandits. Advocates UN mission regarding security Greek frontier. Requests increase Greek forces so as to make possible simultaneous and effective action

¹ Repeated to Paris for the United States Delegation.

² Code name for the Grammos operation.

against main bandit concentrations and same time permit protection of Greek centers of population and communications.

Pointed out present bandit hit and run tactics, forced recruiting, sabotage and terrorism with support of bandit sympathizers make this war different from modern organized warfare; Greek Armed Forces must wage active war as well as offer protection for public and civilian property and lives.

Memo stated that GNA must be increased to 150,000 infantrymen, plus supporting arms. Advocated raise GNA BN strengths to 1,000 men each instead of increasing number of BN's. Fifteen thousand recruits needed every two months. Training period for recruits must be increased. Recruits will be used to replace all men with over 24 months service.

Memo also advocated maintaining and strengthening *gendarmerie* and RHN and four squadron increase in RHAF. Appendices from these services attached to memo setting forth proposed increases.

Memo stated money being received from US not now sufficient. Greece cannot support her armed forces. Requested aid, outside of Marshall Plan, to cover all expenses to bring present war to successful conclusion, including military expenses and relief of bandit stricken population. Stated that Marshall Plan funds should not be used to carry on war but to rehabilitate Greece as in other countries receiving ECA aid.

Pointed out Greece only country where Communism carrying out armed opposition against American efforts for rehabilitation of Europe.

Prime Minister stated that without approval of plan outlined above and forthcoming immediate aid "the Greek Government shall no more be in a position to bear the very great responsibilities it is now shouldering."

Complete report with text memo and appendices following soonest.

[TIDMARSH]

868.20/10-1148 : Telegram

The Acting Secretary of State to the Embassy in Greece

SECRET

WASHINGTON, October 11, 1948—5 p.m.

Gama 1307. Ur comments and recommendations requested re Grk memo Sept 30 (Embtel 1969-¹) copy just received but not yet studied. ur recommendation whether GNA should be authorized continue Particular urgency, light penultimate para War L 1908 Sept 30, is 10.000 of 15,000 overstrength scheduled for reduction Oct 20.

¹ Dated October 1, p. 155.

This connection, Dept recommends possibility extending military service beyond 24 months be thoroughly explored as means retaining trained personnel and eliminating necessity 10,000 spaces for replacement system. In Dept's view 24 months tour duty expensive and inappropriate under present emergency, and Dept Army considers it waste trained manpower.

Dept addressing letter to Sec Defense requesting concurrence in allotment additional \$25,000,000 to Turkey as approved Amag 1581.² Further allotments between Greece and Turkey from remaining \$25,000,000 being deferred pending developments guerrilla war and receipt detailed presentation requirements which Army requesting from Van Fleet.

LOVETT

² Dated September 29, p. 152.

868.20 Mission/10-1248

*Memorandum by Mr. Charles E. Saltzman, State Member of the State-Army-Navy-Air Force Coordinating Committee, to the Executive Secretary of the Committee*¹

TOP SECRET

WASHINGTON, October 12, 1948.

SANACC 358/7

Subject: Decision on Long-Range U.S. Military Interests in Greece and Turkey

The Department of State considers it urgently necessary to formulate policy determining long-range U.S. strategic interests, if any, in the military establishments of Greece and/or Turkey. It is recommended that SANACC submit proposals to the National Security Council for decision as to whether, on strategic grounds, any assistance to those countries in the form of U.S. military equipment and/or advisory personnel is justified, in addition to and/or for a longer period of time than the assistance being provided under present policies.

Present U.S. policy toward military assistance to Greece and Turkey is embodied in President Truman's message to Congress of March 12, 1947 and in subsequent testimony before Congress. It is being implemented on the basis of Public Law 75 and Title III of Public Law 472, 80th Congress. This policy calls for support of the Greek military establishment to the extent required to achieve internal security in Greece and, concurrently, limited military assistance to Turkey which will contribute toward modernization of the Turkish armed forces without undue strain on Turkish resources, release of

¹ Referred to the Joint Chiefs of Staff for comment in a memorandum (SANA-6265) of October 15 by the Secretary of SANACC (SWNCC Files, Lot 52-M45).

manpower for productive work, and increased Turkish confidence in her ability to resist Soviet pressure. Although Secretary Marshall stated in testimony before Congress requesting additional appropriations for fiscal year 1949 that no assurance could be given that the above objectives could be achieved in any given period of time, appropriations have been requested only on a year-to-year basis.

Under present policies it is the U.S. objective that the Greek military establishment be reduced, as quickly as the internal security situation will permit, to a size which will allow its support from Greek resources. Since Greece is expected to continue to have a deficit in her international balance of payments for an indefinite period, external military costs, even if not from Greek earnings, will serve to increase this deficit. However, this is a factor which can be taken into consideration in future allocation of ERP funds to Greece as in the case of other ERP countries. Coincident with a decrease in or elimination of direct military assistance to Greece, military assistance to Turkey will be reduced to minor proportions or eliminated.

U.S. funds for military assistance to Greece and Turkey under present policies will be exhausted at the end of the current fiscal year unless new requests are made of Congress. The principal considerations affecting any decision with respect to termination or decrease in rate of military support under present policies, are to insure that such action does not seriously weaken the ability of these countries to maintain their internal security against communist threats, and does not destroy hope of active U.S. support in the event of aggression.

Prior to approaching the Greek Government with respect to any reduction in the size or cost of her military forces, which might be justified by the favorable outcome of the guerrilla war, it is believed that a thorough review should be made of United States policy to determine whether or not there is, on strategic grounds, a basis for any longer range U.S. interest in the military establishments of Greece and/or Turkey. The formulation of long-range policy with respect to both Greece and Turkey is also desirable in order that both the present and any future aid programs based on present policies be integrated insofar as possible with overall U.S. strategic objectives.

It is requested, therefore, that the Joint Chiefs of Staff be requested as a matter of urgency for a definition of any long-range U.S. strategic interests in the military establishments of Greece and/or Turkey which would under present conditions justify assistance to those countries in the form of U.S. military assistance in addition to and/or for a longer period than the assistance being provided under present policies. There is involved of course the question of priority of such assistance in comparison with other strategic demands, relationship to U.S. policies with respect to the so-called "Western

Union" countries, any "Eastern Mediterranean Bloc" which may develop, possible plans for defense of the Persian Gulf oil area, and policies of the United Kingdom.

It is requested that, upon receipt of the views of the Joint Chiefs of Staff, the appropriate Subcommittees of SANACC prepare a policy paper for the full Committee.

It is further requested that SANACC submit this paper to the National Security Council for approval.

CHARLES E. SALTZMAN

868.20/10-1648 : Telegram

The Ambassador in Greece (Grady) to the Secretary of State

SECRET

ATHENS, October 16, 1948—noon.

Amag 1605. Van Fleet has submitted his comments upon Greek Government memo (Embtel 1969¹). Yesterday I sent his statement with enclosures to Department by pouch (Amag dispatch 261²). In summary he said concerning Greek armed forces that Greek Army at present strength is inadequate to control border and establish and maintain internal security. He recommends: (1). A mobile field force of 12 divisions with proper supporting arms and services and administrative backing. (2). A static defense force of approximately 30,000. (3). A pipeline of approximately 30,000 to provide recruits and basic training and cover long-term hospital cases and absences from army. These recommendations would bring total armed force to approximately 240,000 men. He recommends a *gendarmerie* force of 22,000 men; no increase in size of navy but with an increased budget to cover service to an increased land force; an air force increased by 2 fighter squadrons and 1 reconnaissance squadron.

Van Fleet points out costs and availability of funds were not considered in his proposal. Preliminary appraisal financial factors involved in implementation follow:

(1). Dollar costs entire military program would, of course, have to be met from US aid funds. JUSMAPG tentatively estimates that total forces proposed would require annual expenditure of about 300 million dollars, assuming continued US supply of rations. Cost during present fiscal year over and above available funds would depend upon date expansion begun and rate of recruitment.

(2). Internal drachmae cost total armed forces estimated 1,600 billion drachmae annually. This represents increase of 397 billion drachmae over present military budget this fiscal year. Immediate impact Greek budget present fiscal year would be increase 100 billion drachmae

¹ Dated October 1, p. 155.

² Dated October 13, not printed.

because of failure to reduce forces from present level during first half calendar 1949 as previously anticipated. Additional drachmae expenditures this year would depend upon date expansion begun and rate of recruitment.

(3). Regarding internal costs, impossible plan on increased revenue either present fiscal year or next year through taxation and other ordinary means within Greece to extent needed to make more than slight contribution toward meeting increase. Sources such drachmae might be (a) either to provide from additional special military appropriation dollars to be used for import in consumer goods over and above ECA program or by increasing ECA program; (b) virtual elimination of reconstruction program and diversion ECA drachmae proceeds from current import program to military budget; or (c) provision US dollars for substantial sales of gold sovereigns.

(4). From theoretical point of view (a) would be most desirable for Greek economy. However limitation on availabilities food and other types consumer goods which could be used effectively in counteracting inflationary impact of additional budgetary deficit would create practical difficulties and would distort present pattern of long run development program. Implications of (b) are obvious. Greece's chances for economic recovery within period of ECA, and therefore for many years, would be rendered nil. Full or substantial discontinuance of reconstruction program would represent a victory of first order for guerrillas and Communist countries which support them. (c) of course objectionable on grounds monetary theory. Further possibility of course combination 2 or more alternatives.

(5). As stated above, both dollar and drachmae requirements for this fiscal year would depend on how quickly expansion made operative and this factor makes it difficult appraise impact present drachmae budget. It is opinion my economic advisers that 100 billion drachmae increase in present budget which would be necessitated by continuance present armed forces level could be obtained without serious economic repercussions through increase in ECA consumer goods program or special dollar appropriation for this purpose. For reasons set forth paragraph 4, extent to which consumer goods program could be raised to permit further increase is uncertain, although at the moment it appears dangerous to count on substantially more than the 10 million dollar equivalent.

Foregoing represents factual statement of General Van Fleet's proposal and its financial implications. Views as to course which should be taken will follow in separate telegram within a few days.

GRADY

S68.00/10-1848

Memorandum of Conversation, by the Secretary of State

TOP SECRET

ATHENS, October 18, 1948.

Just before my departure I had a private conversation with Ambassador Grady and got his expressions regarding several of the points that were at issue not only between the Greek Cabinet or the Royal

House and the American Mission, but between the military authorities and the civil representatives of the Mission.

In the first place, Ambassador Grady said he was in accord with the recommendations of the military authorities that there be no reduction of the Greek Army this December and that on the contrary an increase of 15,000 was desirable.

I gave him my impressions of the conversations with the officials of the Greek Cabinet and with the King and the Queen, and with our own people, notably General Van Fleet, and with the British Ambassador, and particularly the British Military Commander. I expressed to him the feeling that a very determined effort should be made to get everybody "looking in the same direction". I was referring immediately to the political leaders and the Royal House, and the American and British attitude toward some phases of this as related to military arrangements and military commanders. I thought some compromises were necessary; otherwise there would be a continuance of distracting pressures and resulting propaganda. It was quite impossible to secure perfection—far from it, but it was very necessary to secure a general feeling of confidence in the arrangements and the individuals largely concerned.

Ambassador Grady appeared to be in general agreement with me but felt that the pressures from the Royal House were ill-advised. At the same time he seemed to feel that the activities of the Cabinet were inadequate to the occasion. Certain members of his staff were pessimistic regarding the situation, but he depreciated this and I myself was not overly concerned by it. It seemed natural in the circumstances. All were in agreement that what Greece lacked, particularly as to the economic situation and in a political way regarding the military situation, was a spark of leadership. The only trouble was that no one had any practical suggestion about the spark. I even went so far as to suggest that if our American-Greek Skouras was sufficiently vigorous, clever and able to achieve the largest taxable income in the United States he might be an economic spark in Greece. This was not received with any favor but no alternatives were offered.¹

G. C. MARSHALL

¹ For the official statement on the visit of Secretary Marshall to Greece, see Department of State *Bulletin*, October 31, 1948, p. 561.

868.00/10-2048

Memorandum by the Secretary of State to the Acting Secretary of State (Lovett)

TOP SECRET

PARIS, October 20, 1948.

I found a rather depreciated state of morale in Athens among our Mission, particularly the Military, and in the Greek Cabinet. The

individual who depreciated such pessimism most was the King. The reasons are easy to find. The Greek Army was never fully trained. Its officers are those of a rather distant past in all grades, the men are very tired, particularly as they do not see any conclusion in sight so long as the United Nations permits the guerrillas to utilize Albania and Yugoslavia for retreat, refitting, and particularly for lateral tactical moves. The Grammos effort while generally successful permitted 5,000 guerrillas to withdraw across the border and then quickly reappear on the flank. The wooden shoe mines which have inflicted a large number of casualties, principally in blowing off feet, have had a very depreciating effect on morale, plus the fact that no relief is possible under present conditions, no opportunities to visit families, regarding the safety of whom they are very fearful, no possibility of better conditions for the winter than merely holding their own in the cold mountains.

This pessimism is rather natural, and we can find many examples of it in our own experience, notably after April 17, 1917 in the French Army, and in the Aleutians the moment our soldiers saw no enemy, however distant in those islands, to engage their attention, or in the Army in the Apennines in Italy after the mail reflecting public statements about a forgotten army had stirred up a feeling among our men of being sorry for themselves. The successful operation the day of my arrival, culminating on the day of my departure, for the capture of a critical mountain height in the new area to the north of Grammos had a good effect, but this could be but momentary.

The prevailing feeling among the troops, and I found among at least one or two of the American Mission, was a feeling of impotence and deterioration in the situation because of the failure of the United Nations to stop Albania and Yugoslavia from supporting the guerrilla activities.

Bevin had asked me to talk to his Ambassador and the British Commander, which I did. The latter recommended an increase from eight to fifteen divisions, apologizing for a proposal regarding which the British could not pay, and admitting that it could not have any real effect until after about twelve months. Van Fleet would be satisfied with the present Army if it was a well-trained, a good army. All expressed the view that two more divisions would have made it possible to virtually exterminate the guerrillas by the end of the Grammos campaign despite the opportunity to make in complete safety lateral movements along the border, and then reenter Greece. The existing government military forces were inadequate to meet the situation.

My reaction is this:

Something definite and immediate must be done to permit the improvement and refreshment of the Greek Army. The minimum to me seems to be the proposal for an increase of 15,000. If this were done on a basis of "overage", that is not for an increase of organized units but for men that could be trained for two or three months and then used to replace old men who would be demobilized, or tired men who could be refreshed, I think they would have the basis for establishing a new hope among the men of the Greek Army and a basis for gradually building up the quality of the Army. The same procedure would apply, in my opinion, to an overage of two or three hundred officers, although this was not mentioned by General Van Fleet.

What is happening in Greece is merely an expression in keeping with the local circumstances of the general Soviet or Communist plot, and I think added pressure has been put on the case there because of the failures on other fronts. Incidentally, one evident influence on the minds of the Greek personnel and of our personnel is the natural tendency to ignore or forget that this is but a piece or a portion of the front of the general Soviet effort, and that what we do regarding Berlin or any other Communist effort, subversive or otherwise, has a direct effect on the effort in Greece, and contributes for or against its solution.

I fully realize the hesitancy of the Department and the Army of becoming involved in Congress with an increase in the appropriation for the maintenance of the Greek situation. I am not proposing an increase of materiel, but for the funds to permit the paying and feeding of a fifteen thousand increase in soldiers.

I was surprised to find a general unanimity that the Air [Force] had been the most productive of results in the campaign, inflicting better than 50% of the casualties on the guerrillas. There was, therefore, an urgent recommendation for the provision for additional planes. I do not attempt to analyze this.

I suggested to Van Fleet that there was a great deal that could be done to stimulate morale that would literally cost nothing, and I recited a number of the measures we took with regard to individual soldiers during the last war.

In all of the foregoing, I am embarrassed by the fact that I am not only speaking as Secretary of State regarding the urgent necessity of maintaining an increasingly strong front in Greece in our struggle with the machinations of the Soviet Union, but inevitably I find myself engaging in military recommendations which normally would not be appropriate to the Secretary of State. However, like a

lot of other people, I am only human and I merely refer to this that you can make the best of it in connection with the Army authorities.¹

G. C. M[ARSHALL]

¹ This message was sent by air courier. The Secretary sent an "eyes only" summary to Mr. Lovett the following day (telegram Martel 70, 868.20/10-2148).

The Secretary discussed the Greek situation with Mr. Bevin on the morning of October 27, at Paris. "Mr. Bevin asked the Secretary whether he regarded the situation as hopeless to which the Secretary replied that he did not provided the necessary measures were taken in time." (Memorandum by Charles E. Bohlen, 868.00/10-2748. Mr. Bohlen was an Adviser to the United States Delegation to the Third Regular Session of the General Assembly.

868.00/10-2148

*Memorandum of Conversation, by the Secretary of State*¹

SECRET

[PARIS,] October 21, 1948.

Subject: Impressions of My Recent Visit to Greece

Participants: H. E. Mr. Constantine Tsaldaris, Deputy Prime Minister and Minister of Foreign Affairs of Greece

The Secretary

Mr. Drew²

Mr. Howard

Mr. Tsaldaris called on me this morning at 11:15 at the Embassy residence at his request. Mr. Tsaldaris asked whether I had obtained any basic impressions concerning the situation in Greece. I replied that I had brought back with me a distinct feeling of encouragement concerning the overall situation—a feeling which was supported by the great degree of agreement among all those concerned with whom I had spoken during my brief sojourn in Athens. I said that I had talked with the King, the Prime Minister, members of the Greek Cabinet, various American and British officials, both civil and military, concerning all aspects of the questions involved and had found no essential differences of view, although there were differences as to details and certain natural conflicts of personalities. I regarded the problem of personalities as one of the most troublesome, but I felt that the necessary compromises could and should be made so that all elements in the Government could move in the same direction toward the ultimate solution of Greece's problems.

I also told Mr. Tsaldaris that he need not be troubled about the matter of a reduction of the Greek Army under present circumstances, the problem of a possible increase being the important issue. In this

¹ Drafted by Harry N. Howard, an Adviser to the United States Delegation at the Third Regular Session of the General Assembly.

² Gerald A. Drew, Acting United States Representative on the United Nations Special Committee on the Balkans.

connection, I stressed that much more important than even the best of plans, an increase in the Army and more equipment, was the problem of "refreshing" the Army under effective command from the highest officers to the lowest echelons. Asked whether I had any specific recommendations to make concerning the situation, I replied that recommendations were being made for study on the part of all those concerned, but that I did not feel at liberty to discuss them at this stage. I did say, however, that I was encouraged by what I had seen in Greece, and that I was confident that, despite obvious difficulties, the problems could be solved if there were determination to do so, and if the necessary compromises were effected in the interest of meeting the guerrilla threat.

In closing, Mr. Tsaldaris brought up the question of our draft resolution concerning the Greek case in the General Assembly. I told Mr. Tsaldaris to take up this matter with Mr. Drew and Mr. Howard, since I had two other appointments. I noted, however, that I would appreciate it if the Greek Delegation would not oppose our efforts to have the Greek question considered at an early date, remarking that, contrary to the remarks made in Committee I yesterday afternoon, we had desired to postpone discussion of the Palestine problem precisely because we did not want domestic American political considerations to enter into the debate on this issue. Mr. Tsaldaris indicated that he fully appreciated our position.³

[Here follows a final paragraph of discussion on the Greek case at the General Assembly, after the departure of Secretary Marshall.]

³ The Secretary, on October 27, gave Mr. Bevin his impressions of his visit to Greece, emphasizing military matters. He also outlined to Mr. Bevin the recommendations he had made in Martel 70, October 21 (memorandum by Mr. Bohlen, 868.00/10-2748). Regarding Martel 70, see footnote 1, p. 165.

711.67/10-248 : Airgram

The Acting Secretary of State to the Embassy in Turkey

CONFIDENTIAL

WASHINGTON, October 21, 1948.

A-176. In reply your question re present Yugoslav aid to Greek guerrillas (Embtel 851 [751] Oct 2¹), following are informal comments this subject prepared on Oct 5 by Lt. Col. Allen C. Miller, US Acting Deputy Representative UNSCOB:

"There is little change in the overall situation within Greece. The Vitsi operation in the Lake Prespa region has bogged down due to strong guerrilla opposition which developed concurrently with the entry into that area of several thousand Andartes who had previously been in the Grammos. Albania and Bulgaria are still supporting

¹ Not printed.

Markos with about the same amount of aid as they were last Spring. As for Yugoslavia, on the other hand, the aid has definitely diminished. The \$64 question at this time appears to be whether there is indeed a change in the overall policy of that government with respect to Markos. Most of our observers along the frontier feel that a certain amount of aid is still reaching the Andartes through Yugoslavia. This, of course, may be explained as being 'unofficial' or merely the result of the failure of orders to reach subordinate officials from the higher-ups. ["]

[Here conclude the observations of Lieutenant Colonel Miller, which concerned the Koutsoumbi incident in early September and the finding of the Special Committee that there was no evidence that the Greek or Yugoslav Governments planned a deliberate incursion into the territory of the other in connection with this incident.]

On the whole, evidence re influence of Tito-Cominform rift on Yugo attitude towards Greek question is mixed and inconclusive. As Miller states, volume of aid to Yugo from Markos appears on wane and Yugo frontier guards at one or two points have attempted fraternize with their Greek nationalist counterparts, notably at Niki north of Florina where invitations to lunch were extended (and refused by Grks). On other hand, Borba, official Yugo CP organ, has categorically stated attitude unchanged, and guerrillas Vitsi area Greece are also believed to have been reenforced by up to 2,000 Greek guerrilla reserves from Bulkes, Yugoslavia, since Aug 30. It would seem probable that Yugos may have been obliged reduce or eliminate material help to guerrillas in order to conserve military supplies and equipment for their own forces, while nevertheless continuing allow guerrillas use Yugo territory for maneuvering, regrouping, rest, etc. Even latter type of aid may have decreased in importance due fact that major fighting against guerrillas in recent months has been more in vicinity Alban frontier.

Foregoing intelligence is for your background info and may be used in talking with responsible Turk officials or friendly diplomatic colleagues, but should not be communicated as formal statement of Dept's views.

LOVETT

568.20/10-2248

Memorandum by the Acting Secretary of State to the Secretary of Defense (Forrestal)

TOP SECRET

WASHINGTON, October 22, 1948.

Attached is an Eyes Only message¹ received by cable from General Marshall in Paris representing a third person brief of a memorandum on Greece which will follow by air.

¹ Telegram Martel 70, not printed; but see footnote 1, p. 165.

The message is, I think, self-explanatory with regard to the primary proposal relating to an increase of 15,000 men for training and replacement. This is, of course, substantially less than the Greek Government has asked for and I can only surmise that General Van Fleet and General Marshall are not sympathetic to the idea that the problem can be solved merely by the numbers racket.

The Secretary's comment on the effectiveness of the Air Force is borne out by all our observers, who state that, per dollar expended, it has been the most productive of results. Some time ago they asked for additional P-47's to equip another squadron.

Reading between the lines, it appears that the Secretary is worried lest the Soviets regain some of their lost prestige through a series of successes in Greece or through reluctance of the Greek Army to hold the guerrillas in check. It appears to be a fact that the number of guerrillas has actually increased lately (notably in the Vitsi area) as a result of new recruits coming across the borders from Albania and Yugoslavia.

Will you please let me have your judgment as to the appropriate way in which the matter of additional funds for the 15,000 troops should be explored?

ROBERT A. LOVETT

868.20/10-2248 : Telegram

The Ambassador in Greece (Grady) to the Secretary of State

SECRET

ATHENS, October 22, 1948—6 p. m.

Amag 1613. I have delayed telegraphing my recommendations concerning General Van Fleet's proposal outlined Amag 1605¹ and Amag despatch 261² in view opportunity afforded by Secretary's visit to discuss matter with him. Secretary is generally familiar my views, which follow:

Greek forces obviously not progressing as rapidly as was expected in reestablishing security. Notwithstanding heavy losses during past several months, guerrillas still number in excess 23,000 and continue effective threat to Greek independence and obstacle to Greek economic recovery. Recent efforts GNA have provided little encouragement that situation soon will be brought under control, although there is still hope that continued pressure for effective action will have favorable results.

I am convinced lack of progress can not properly be attributed to inadequate personnel or materiel. I believe that physically Greece has

¹ Dated October 16, p. 160.

² Dated October 13, not printed.

substantially all she needs with which to cope with internal guerrilla situation. The army has little offensive spirit, however, and during recent weeks has proven itself unwilling to fight the type of aggressive warfare needed to end the struggle. This unfortunate psychological attitude is due principally to fact that Greek Government has been unable to provide the type of leadership needed throughout all echelons. Another basic reason is widespread feeling that solution to situation is not within power of Greece itself but is depended [*dependent*] upon broad international events which have placed her as pawn between East and West. Greek leaders are unwilling to look upon their problems as primarily Greek problems, and rely far too heavily upon outside assistance. In the past the unfortunate tendency has been to place blame for reverses upon inadequacies of one kind or another rather than to face up to Greek responsibility to use effectively means already at their disposal.

In this situation I do not believe that substantial increase in armed forces is the proper solution. Until leadership and fighting spirit of the army are improved, mere numbers would be of little avail. Indeed, there is strong possibility that publication of Greek request with forecast that US might approve an expansion in the armed forces may have served further to lessen Greek determination to prosecute war to full extent now possible. I feel that more men in uniform under present inadequate leadership would almost certainly hamper rather than help.

Financial implications outlined in Amag 1605 indicate clearly the economic threat which would be imposed by substantial expansion. Whatever advantage there might be militarily an increase must be weighted carefully with economic repercussions occasioned thereby. Further, although I believe it reasonably safe to assume that Congress will continue to provide some military assistance to Greece so long as her security is threatened, it would appear most unwise to count on Congressional appropriations of such proportion as would be required to finance the forces contemplated, and it would be extremely dangerous to permit Greece to plan on such increase on basis of Congressional appropriations which could not in any case be assured for months.

After most careful consideration I have therefore concluded that the proposed expansions would [*should?*] not be authorized, although the matters should be kept constantly under review since if continued deterioration occurs it might be necessary for me to recommend a reappraisal of our position. Recent developments have indicated, however, that it is unlikely that present strength can be reduced beginning December as previously contemplated. Moreover, as stated in immedi-

ately following Amag 1614,³ I have concurred in Van Fleet's recommendations for increase approved army strength by 20,000 spaces as part of replacement program.

As alternative to further expansion I shall endeavor in every way to impress upon Greek Government necessity for improving leadership, especially in armed services. While broader problem this connection also includes ineffective political leadership, Department of course aware of dilemma created by desire establish effective government and yet maintain present structure based on democratic parliamentary system. I will also urge development of far-reaching propaganda campaign led by best men available in Greece to do the job, designed to make the people, particularly the army, recognize critical situation with which the country is confronted and their individual responsibility as Greeks to devote themselves wholeheartedly in meeting situation. They must be made to recognize that guerrilla war is their war and primarily their problem, and that there is limit to material assistance which will be provided by US. I would suggest that Greek Government be informed upon Department's approval of recommendation that increase in present approved strength by 20,000 men for training purposes is authorized, but that direct response to Prime Minister's note of September 30 be deferred at least for duration of present visit operations in view possible adverse psychological reaction upon both military and civil morale to definite refusal at this time.

GRADY

^{*} *Infra.*

868.20/10-2448 : Telegram

The Ambassador in Greece (Grady) to the Secretary of State

SECRET

ATHENS, undated.¹

Amag 1614. 1. My comments (reference Gama 1307²) on Greek Govt. note of September 30 are contained in Amag 1605³ and my recommendations in Amag 1613.⁴

2. Concerning need of replacements for GNA, Van Fleet recommended in his L-1908 an increase of 10,000 spaces. As Vitsi campaign developed and ineffectiveness of older soldiers became more apparent, Van Fleet's viewpoint hardened as reported in his L-2000. In his L-2-2005 he increased his former estimate to 20,000 spaces.

¹ Received October 24.

² Dated October 11, p. 157.

³ Dated October 16, p. 160.

⁴ *Supra.*

Because of over-all effect upon Greek economy, I have been reluctant to approve his recommendation and I do so now only on basis my understanding that dollar fund situation at present is adequate, as based upon 150 million dollar 1948 appropriation, to meet foreseeable needs present military aid program including contemplated increase of 20,000 spaces. Need for further allotment from 25 million dollars now unallotted will be studied in light developments of campaign and reported before December 31. Increased drachmae cost arising from contemplated army increase will create difficult but not insoluble problem, although it may be necessary to increase ECA consumer goods program to offset budgetary impact. As mentioned Amag 1605 additional budget problem will be created by failure to reduce army after December 1 as previously contemplated. In this connection I wish to point out that army has unauthorized over-strength of more than 13,000 men which Van Fleet and I are insisting be eliminated. Recommended over-all increase therefore is less than 7,000 spaces, although cost will be higher than this number indicates because of financial obligations of Greek Government towards released men.

3. Van Fleet in his paragraph 3 (c) of letter dated October 7 to me transmitted to Department by Amag despatch 261 of October 13,⁵ has recommended against suggested 24-month military turnover as being costly and inefficient. I support him in his recommendation.

GRADY

⁵ Not printed.

868.20/10-2348

Memorandum by the Secretary of Defense (Forrestal) to the Acting Secretary of State

TOP SECRET

WASHINGTON, 23 October 1948.

I had a quick check made as to the availability of funds and the authority of the United States to utilize Greek-Turkish Aid funds if it should be decided that the Greek Army was to be increased by 15,000 men.

The authority for the use of the Greek-Turkish funds for this purpose seems clear. Of the \$225,000,000 appropriated for aid to Greece and Turkey, \$150,000,000 have been allocated to Greece and \$25,320,000 to Turkey. (You will recall that of the \$275,000,000 authorized, only \$225,000,000 were appropriated.)

Before receiving your memorandum¹ as to the possibility of additional aid to Greece, and in answer to a letter from George McGhee,

¹ Dated October 22, p. 167.

Coordinator for Aid to Greece and Turkey, dated October 11,² I sent a letter to you this morning³ recommending an increase in the Turkish allotment of \$24,680,000, which would make a total of \$50,000,000 for that country.

After receiving your memorandum, a member of my staff talked to Mr. McGhee suggesting that implementation of this recommendation be withheld until the subject of your memorandum had been acted upon.

If this additional allocation to Turkey is withheld, \$49,680,000 would remain available for allocation. If, however, it should be determined that this additional allocation to Turkey should be made available, there would remain \$25,000,000 unallocated which could be utilized for aid to Greece.⁴

For some time we have had a National Military Establishment committee whose primary job was to make continuing studies of the Greek-Turkish Military Assistance program, and the subject matter of your memorandum has now been referred to them for study and recommendation.

FORRESTAL

² Not printed.

³ Not found in Department of State files.

⁴ The Department, on October 25, notified Athens that the allocation of aid funds to Turkey under Public Law 793 had been increased to \$50,000,000 (telegram Gama 1316, 868.00/10-2548).

840.20/10-2648

Memorandum by the Director of the Office of Near Eastern and African Affairs (Satterthwaite) to the Under Secretary of State (Lovett)

TOP SECRET

[WASHINGTON,] October 26, 1948.

Subject: Future United States Policy Toward Security of Nations Threatened by the USSR but not Included in the Proposed North Atlantic Defense Arrangement

PROBLEM

While not aware of the details, this Office understands that negotiations are presently under way with Canada and the Brussels Pact countries for the conclusion of a close arrangement for mutual defense in accord with the provisions of the "Vandenberg Resolution".¹ It is understood that the arrangement will probably be concluded, so far as the Executive Branch is concerned, within the next two or three months, and will become public knowledge. The relatively close asso-

¹ Passed by the Senate on June 11, 1948; for text, see volume III, under Western European Union.

ciation of the United States with certain states of western Europe under this arrangement will emphasize the lack of any special arrangement for the security of other states which are similarly threatened by the Soviet Union but which, by their geographic position, could not logically be included in the North Atlantic group. It seems essential that a decision be made regarding our policy toward the security of these states in the light of the North Atlantic arrangement.

BACKGROUND

[Here follow the first two paragraphs summarizing conversations with the Turkish Ambassador "last spring" and on July 21.]

Turkish officials have continued to raise this question throughout the summer and fall. They have also sounded out the British and French and possibly the Italian governments. It seems obvious that this insistent activity arises primarily from Turkey's desire to assure itself of at least as close a relationship with the United States as that of any other nation similarly exposed, and from the Turkish understanding that the best, if not the only, way of achieving such relationship lies through participation in a regional group of the type envisaged by the "Vandenberg Resolution".

No other nation in the NEA area has posed the same question to us in so direct and insistent a fashion, but the Greek Government has let us know it is thinking of a Greek-Turkish-Iranian pact (which would undoubtedly have as a major objective the achievement of some form of association with the United States), and the Iranian Ambassador has told us of exploratory conversations on the subject of a regional arrangement which he has had with the Turkish, Greek and Egyptian Ambassadors in Washington. It is probable that most of the free nations on the Soviet periphery will be anxious about their positions in the light of the growing involvement of the United States with Western Europe.

DISCUSSION

NEA believes that the fundamental question raised by the various approaches of the Turkish Government is extremely serious. So long as the United States has not committed itself to come to the defense of any one nation or group of nations, there is no fundamental difference between the expressed intentions of this country to assure the security of any one, as contrasted with any other, of the various friendly nations whose independence and integrity are threatened by the Soviet Union. The individual nations concerned may, and generally do, believe that we would come to their assistance if they were attacked, because of our friendship and because of the danger to us if any of them were over-run. Similarly, the Soviet Union cannot assume that it could attack any of the members of the United Nations

located on its periphery without violent reaction on the part of the United States. However, if we made a close defensive arrangement with the Western European group, saying publicly that we will come to the assistance of those nations in the event of an attack upon them, and we fail to make a similar arrangement, or at least a similar declaration, with respect to other countries which are equally threatened and even less able to defend themselves, there will be a very strong implication that we have refrained from making such an arrangement or such a declaration because we would not be willing to go to the assistance of those states in the event of attack.

In our view, the immediate result would be to discourage, and perhaps force out of office, the political leaders in those countries who had favored the Western powers. In the weaker and more remote states, such as Iran, there could be a rapid reversal of policy and a scramble to appease the USSR, followed shortly by the appearance of a government which would be virtually a Soviet puppet. In states where this did not happen, the foundations of resistance to the Soviet Union would nevertheless be weakened, and the USSR would certainly be tempted to increase its pressure and perhaps even to use military force in the belief that it would have nothing to fear other than futile protests by the United States. Apart from the serious danger of war involved in developments of this kind, it is obvious that any further extension of Soviet power, whether by arms or by political means, would have the most disheartening effect on all the free nations of the world, including those of Western Europe.

NEA believes it is imperative that some formula be found under which all nations directly threatened by the Soviet Union and friendly to the Western powers may be given public assurances that their defense is of as much concern to the United States as the defense of Western Europe. We do not consider that this would necessarily require a close mutual assistance pact of the type apparently contemplated for the North Atlantic region, nor that it would necessarily involve the provision of substantial amounts of military equipment to all the countries concerned. We fully realize the unwisdom and impossibility of attempting to create strong military forces in all nations which consider themselves threatened by the USSR. (Conversely, the Soviet Union cannot exert equally strong pressure along its entire periphery at the same time.) The essential thing, in our opinion, is to let it be known to the countries concerned and to the Soviet Union that an attack upon any one of them will be regarded by the United States as an attack on its own security and may be expected to produce a corresponding reaction.

The distinction to be drawn, in our thinking, between countries with which we may conclude formal mutual defense arrangements and

others with which we do not wish to make such arrangements would seem to be that in the first case we are entering into arrangements which will produce defensive power, which will increase the overall military strength of the participants, whereas in the second case the weakness, remoteness, or lack of productive power of the foreign countries concerned would mean that no overall increase in military strength could be expected from a mutual defense arrangement. This distinction should not mean that we disinterest ourselves in those weaker, more remote nations. What is even more important, we should make it plain to the world that we have not disinterested ourselves in their fate and that an attack upon them would have as serious consequences for the aggressor as would an attack upon the nations with which we have made closer working arrangements.

In the absence of more precise information as to the exact nature of the arrangement contemplated for the North Atlantic group, NEA does not feel qualified to make specific recommendations as to the formula which might be used to reassure our friends and to warn our opponents. However, the three following alternatives are suggested for study:

(1) It is recalled that some months ago the National Security Council had under consideration draft policy papers on the position of the United States with regard to Iran and Turkey. These drafts included a proposal for a joint US-UK declaration to the effect that the two governments would consider that an armed attack on Greece, Turkey or Iran would affect their own national security and consequently would bring immediately into effect, so far as the two governments were concerned, the obligations imposed by the Charter of the United Nations for the maintenance of international peace and the right of collective self-defense provided by Article 51 of the UN Charter. It is suggested that the issuance of a declaration along these lines, preferably in even more direct language and applying to all nations whose security might be threatened by external aggression, might serve the purpose. Such a declaration should be issued simultaneously with any final announcement regarding the North Atlantic arrangement.

(2) Alternatively, in the case of certain countries, at least, it might be considered desirable to enter into association with additional regional groups, as suggested by the Turkish Government. Presumably, this would be desirable in all cases where it was considered that the existence of the regional group would in fact add to the political and military strength of the region concerned and hence to the security of the United States. We believe that this question should be given early and careful study. However, it may be that from a military point of view not all of the nations concerned could profitably be brought within the framework of such regional groups and directly associated with the United States in defense arrangements.

(3) Perhaps most effective of all, a declaration such as that suggested in Paragraph 1 above might be incorporated in the initial

statement of principles of the North Atlantic association; this would not, of course, preclude separate declarations to the same effect by the United States or any of the other individual members of the association.

RECOMMENDATIONS

It is recommended that the Policy Planning staff and other appropriate offices of the Department be asked promptly to consider the two questions raised above, namely: (a) the necessity of finding some means of making clear to both friendly and hostile governments that our association with the North Atlantic group does not mean that we have a lesser interest in the security of other threatened countries, and (b) whether this government should encourage the formation of additional regional defense groups with which the United States would associate itself under the terms of the "Vandenberg Resolution".

Following such preliminary study in the Department as seems necessary, it is suggested that the views of the Joint Chiefs of Staff should be obtained and that the question be referred to the National Security Council for final decision.

This should be done with sufficient speed to produce a definite decision by the time any announcement is made regarding the arrangements among the members of the North Atlantic group.

868.20/10-2648 : Telegram

The Ambassador in Greece (Grady) to the Secretary of State

CONFIDENTIAL

ATHENS, October 26, 1948—7 a. m.

2175. When I called on Prime Minister Sophoulis yesterday at his request he expressed anxiety over military situation and said he had finally decided to appoint General Alexander Papagos as Commander-in-Chief of Greek Army. He believed Papagos' prestige, devotion to King and absence affiliation with any political party would, with full authority in military matters, improve situation. Prime Minister wished consult me however before taking action. I replied that question seemed one for Greeks to decide but that I wished to give matter further thought and communicate with him again today.

Meantime I pointed out political implications of having Commander-in-Chief with very wide powers and unfortunate repercussions in US and elsewhere if it appeared that any sort of dictator were being set up. Prime Minister stated categorically that both Papagos' character and Prime Minister's own determination were assurance that constitutional and parliamentary forms would be scrupulously adhered to.

Van Fleet and Down¹ both approve appointment while British Ambassador agrees with me that we should not oppose measure. I therefore sent word to Prime Minister today repeating that matter was for Greek decision and we would not object.

Appointment scheduled for consideration tomorrow by Supreme Council National Defense.

GRADY

¹ Maj. Gen. Ernest E. Down, Commander of the British Military Mission in Greece.

868.00/10-2648: Telegram

The Acting Secretary of State to the Embassy in Greece

SECRET

WASHINGTON, October 30, 1948—4 p. m.

Gama 1320. [Re] Amag 1621.¹ Dept appreciates unsatisfactory nature present Grk mil situation as clearly indicated excellent AMAG reports including that referred reftel and agrees there is no basis for optimism in short-range picture. In view, however, crisis psychology which emerged from visit Sec coupled with Vitsi setback and which resulted widespread pessimism and criticism Grk situation US press, as well as deterioration Grk morale, it is believed that any statement regard present situation should be balanced by statement showing long-range progress achieved in laying basis for ultimate solution Grk guerrilla and economic problems. It is believed that this progress on balance outweighs short-range setback. It is obvious that GNA now much better equipped, fed, led and trained than at initiation Aid Program, at which time recent successful campaigns through Grammos operation would not have been possible. Although Vitsi setback embarrassing and discouraging, it nevertheless appears that GNA has capability of eventually controlling present guerrilla situation if leadership and morale can be restored. On economic side, although industrial production and ability Greece to maintain independence US Aid have not been appreciably bettered under Aid program, nevertheless basic reforms have been achieved and inflationary trends arrested. Assuming continuation ECA assistance, there is now no immediate threat to collapse Govt through inflationary spiral, which could lead to Communist takeover, as was possible last fall, any more than present guerrillas have capability taking over military control of Greece. Dept believes correct background present Grk situation is

¹ Dated October 26, not printed; it advised that the third phase of the Vitsi Operation, scheduled for October 15, was "generally speaking a failure and the present thinking of JUSMAPG is along the lines of containing Vitsi and withdrawing excess troops for operations in Thessaly and the Peloponnese." (868.00/10-2648)

mixture full acknowledgment short-term military reverses and economic difficulties while at same time pointing out real achievements accomplished since initiation Aid Program and basis for hope for future improvement. While not denying or discounting any obvious short-term lack cooperation or defection on part Grk Army, people or Govt, it is believed desirable maintain facade of confidence ultimate ability Grks do their part in war against guerrillas and economic recovery, which through our own efforts we must seek to make a reality.

LOVETT

868.20/10-2248 : Telegram

The Acting Secretary of State to the Embassy in Greece

SECRET

WASHINGTON, October 31, 1948—4 p. m.

US URGENT

Gama 1321. After thorough discussion with Natl Mil Def Est and consideration memo from Sec,¹ Amag 1605, 1613, 1614,² and Amag Despatch 261,³ Dept approves new GNA ceiling 147,000, representing increase 15,000 rather than 20,000 recommended Amag 1613, subject following limitations, in which Dept concurs, which were stipulated in memo received from Sec Def⁴ approving increase:

(a) Expenditures to be met from 150 million presently allocated FY 1949 Grk military aid program.

(b) No additional equipment involved, only rations and uniforms.

(c) Twenty-four month service period be lengthened in accordance demands present critical situation.

You are authorized negotiate with Grk Govt and approve 15,000 increase when above concessions and any others you consider desirable have been obtained. You need give no prior notice to Dept. No prior announcement will be made here.

Dept appreciates this not satisfactory response from Grk standpoint to Sophoulis note, however feels that we must forestall further delay GNA action based on illusion increased forces will be made available to accomplish task at hand. If you concur suggest you inform Grk Govt when you agree 15,000 increase that though decision does not constitute complete reply to memo Sept 30,⁵ US authorities believe no further expansion GNA justified since convinced effective leadership and employment of present forces can eliminate guerrilla menace present proportions.

¹ Dated October 20, p. 162.

² Printed on pp. 160, 168, and 170, respectively.

³ Dated October 13, not printed.

⁴ To Acting Secretary Lovett, October 28, not printed.

⁵ See telegram 1969, October 1, from Athens, p. 155.

You may, in your discretion, amplify your remarks along following lines: Since President's statement March 12, 1947 number nations urgently requesting US military assistance has multiplied. US determination to aid Greece has not diminished in any respect, but in view tremendous and increasing demands US cannot distribute to any one nation more money and supplies than it can use effectively. Dept deeply concerned at public statements made or inspired by Grk officials that size and equipment GNA inadequate to task and continued partisan political bickering, which serve to lower morale Grk forces and civilians and cause increasingly unfavorable US press comment.⁶

Dept heartily endorses proposals made last paragraph ur Amag 1613. Sec has seen and concurs.⁷

LOVETT

⁶ The views set forth in this telegram were conveyed by Ambassador Grady to Prime Minister Sophoulis in a letter of November 2, in reply to the latter's memorandum of September 30. The letter also sanctioned an increase of 700 officers and men for the Greek air force, raising its authorized strength to 7200. This increase had previously been approved by the Department but the Greek Government had not been informed (memorandum of November 9 from Mr. Satterthwaite to Mr. Lovett, 868.00/11-948). Ambassador Grady transmitted a copy of his letter in despatch Amag 272, November 9 (868.20/11-948).

⁷ In telegram 4691, October 31, 5 p. m., from London; received October 31, 11:26 a. m. (868.20/10-3148).

868.00/11-448: Telegram

The Acting Secretary of State to the Embassy in Greece

SECRET

WASHINGTON, November 4, 1948—6 p. m.

1584. In light of threatened fall coalition govt ¹ Dept requests your views possible formation new govt which would command greater popular and international confidence and be able function more effectively. Dept recognizes that reconstitution coalition similar to present, but preferably with new and more effective leadership if available, may be best that can be expected. Dept suggests however desirability consider all other possibilities and extent to which US should and could properly and effectively influence formation govt on different basis. For example do you see any possibility or merit in formation service govt for period emergency with Primin not identified with either major party but with backing both parties or some other coalition that could provide working parliamentary majority? Alternatively, is it possible either Populists or Liberals could, possibly by coalition including splinter parties, form cabinet without the other having parliamentary majority, and would this be desirable meet pres-

¹ Athens, on November 3, had advised of information from the Greek Prime Minister that he would tender his resignation on November 5 (telegram 2218, 868.002/11-348).

ent situation? Would appreciate your analysis whole political picture without confinement to foregoing suggestions.

LOVETT

868.00/11-648: Telegram

The Ambassador in Greece (Grady) to the Secretary of State

SECRET

ATHENS, November 6, 1948—4 p. m.

URGENT

2246. I have considered it unwise in present circumstance to interfere or give detailed advice in current Greek political crisis (Deptel 1584, November 4). We can, of course, step in at any time and attempt to constitute a government but this might prove only temporary expedient and certainly would be regarded by Greeks as an American-imposed solution. Hard lesson must be brought home to Greeks that only through their own sacrifice and toil can Greece be salvaged. This applies to political as well as to economic and military fields. We are, of course, following situation closely to avoid if possible an unconstitutional or dictatorial solution which would further damage Greece's already unfortunate reputation abroad. It is also highly important to avoid prolonged period without government. Within this framework I believe Greeks should be allowed and even required to seek their own solution rather than be permitted turn to US for direction. I consider that the desirability of bringing home to Greek politicians the over-riding necessity of political collaboration is worth the risk of a brief period without a government which may be involved.

As to kind of government best suited to Greece at present moment, we have consistently urged continuation of broad coalition as most effective and most representative of will of Greek people. There is no denying that present government is relatively ineffective and does not fully respond to needs of people or meet with their general approval. However, any other political combination or a service government would suffer same disabilities plus additional handicaps and there has been recent improvement in government's handling of economic problems important to ECA program. A "supra-party" government would have defects of present coalition compounded and a service-type government should, in my opinion, be avoided if possible since it would probably be less effective and cohesive than coalition and run additional risk of turning into dictatorship especially since it would probably insist on prolonged recess of Chamber. Names most commonly heard for head of service government are Papagos, Voulgaris and Poulitsas none of whom outstanding or considered especially capable as statesmen. In ultimate analysis, improvement Greek political situation can be brought about only by Greeks themselves through broader view

and self-abnegation on part of political leaders, of which evidence still generally lacking. Best interests ourselves and Greeks, I believe, would be served by encouraging reconstitution present coalition government with such modifications and improvements as may be possible and necessary to command parliamentary majority.

Department will have noted important differences between current political crisis and previous crises since constitution of Populist-Liberation [*Liberal*] coalition in September, 1947.

1. Due defections from both major parties, present government no longer commands majority in Parliament.

2. Earlier crises resulted from differences between Sophoulis and Tsaldaris, either directly or in support of their respective subordinates. At present, these two leaders working in general agreement.

3. Absence of Tsaldaris in Paris temporarily removes from Athens scene the unquestioned leader of what is still Greece's largest party. Whatever his reputation in various circles abroad, Tsaldaris is probably strongest and most capable single figure in Greek political life today.

4. At moment GA is discussing Greek case (Embtel 2237, November 5; ¹ repeated Paris 223) even fall of government (which we hope can be postponed until discussion completed and which we trust will not be followed by prolonged crisis) seems preferable to setting up "US imposed" government with inevitable bad reaction in Greece and abroad.

Sent Department 2246; repeated Paris for USDel 226, London 192, pouched Salonika.

GRADY

¹ Not printed.

Editorial Note

The Secretary of State had a further conversation with Greek Foreign Minister Tsaldaris at Paris on November 8. The bulk of their conversation dealt with Greek case before the General Assembly. Two paragraphs of the Secretary's memorandum of conversation (drafted by Gerald A. Drew) deal with the aid program as follows: "I went on to explain that our compliance with the request of Greece for an increase in its Army of 15,000 men would require appropriation of additional funds by Congress. I pointed to the danger that the Soviet Government might seize the opportunity to relax its pressure either in Berlin or in Greece for the purpose of lulling American public opinion into the false belief that a continuation of our Greek Aid program was no longer necessary."; and "In leaving Mr. Tsaldaris asked if he could make any statement at this time to the Press with regard to an agreement to an increase in the Greek Army. I asked him

to say nothing about this until he heard further from me on the subject stating that in any case any such announcement should appropriately be made in Athens in consultation with the American Ambassador."

A copy of the Secretary's memorandum of conversation was sent to Mr. Baxter by the Secretary's office on December 6 (Mr. Baxter's memorandum of December 8 to Mr. Satterthwaite, 868.20/12-848).

868.20/10-2248: Telegram

The Acting Secretary of State to the Embassy in Greece

SECRET

WASHINGTON, November 9, 1948—7 p. m.

Gama 1329. In separate tel NDE requesting from JUSMAPG estimated FY 50 ground, air, and naval requirements Grk Aid Program due here Dec 10. In accordance request received only this date preliminary estimates needed here by Nov 22 for presentation Bur Budget. JUSMAPG is being requested transmit recommendations to Chief AMAG for transmission Washington with appropriate comment. Requirements requested on two bases:

a. Assuming maintenance Grk mil est on basis strength authorized Gama 1321;¹

b. Assuming maintenance Grk mil est on any other basis deemed essential for achievement US objectives including such other factors as illustrated NDE ref tel. Assumption should be made for purposes of study that mil operations in Greece may require US support for as long as two or three years. Since arrangements not yet made for transfer responsibility feeding Grk Army to Grk economy estimates requested for ration requirements.

Dept views with respect basis Grk Aid Program given Gama's 1246² and 1321 remain unchanged. Dept moreover in thorough accord your own views given Amag 1613.³ As background Dept wishes, however, highlight following factors:

a. Increased demands being made upon increasingly limited US mil supplies for needs in other countries, some of which may have higher priority than Grk Aid Program.

b. Cong will probably be reluctant to increase level mil support to Greece in light relatively poor utilization by GNA since Grammos operation.

c. Despite above factors overall US mil objective remains to re-establish internal security in Greece and your recommendation should include all reasonable assistance required to achieve this objective.

LOVETT

¹ Dated October 31, p. 178.

² Dated August 16, p. 135.

³ Dated October 22, p. 168.

868.002/11-1348 : Telegram

The Ambassador in Greece (Grady) to the Secretary of State

CONFIDENTIAL

ATHENS, November 13, 1948—11 a. m.

US URGENT

2303. On behalf Sophoulis, Mavrogordatos has asked whether US continues favor Liberal-Populist coalition ¹ and our views concerning appointment Papagos as Commander-in-Chief (see my immediately preceding telegram ²).

We are informing Mavrogordatos that US inclined favor continuance Populist-Liberal coalition government with such changes as may be necessary to obtain Parliamentary majority and that we have no objections to appointment Papagos as Commander-in-Chief provided authority granted him does not permit assumption dictatorial powers with unwarranted infringement civil liberties and press freedom.

King is seeing Tsaldaris at 11 this morning.³

Sent Department 2303, repeated Paris for USDel as 249.

GRADY

¹ The Greek Government resigned on November 12 (telegram 2291, November 12, noon, from Athens, 868.00/11-1248).

² No. 2302, not printed.

³ A new Liberal-Populist coalition government was sworn in on November 18, Messrs. Sophoulis and Tsaldaris retaining their previous positions (telegram 2355, November 18, from Athens, 868.002/11-1848).

868.00/11-1748 : Telegram

The Secretary of State to the Acting Secretary of State

SECRET

PARIS, November 17, 1948—2 p. m.

PRIORITY

Martel 148. For Humelsine. Reur 258.¹ Secretary's letter to King dispatched here November 3. Primarily thank-you note but following is complete quotation official portion for your information :

"I see that very definite steps have been taken since my visit in Athens to meet the difficulties of the situation and I sincerely hope that the appointment of General Papagos and the declaration of martial law will bring about a definite improvement. I also trust that prompt action by my govt to make possible the immediate establishment of a trained replacement system to refresh the Greek Army and also to permit soldiers to enjoy the reassuring and stimulating effect

¹ Dated November 16, not printed; this telegram was sent by Ambassador Grady to Secretary Marshall at Paris (868.00/11-1748). The message was not repeated to the Department.

of visiting their families, will have a marked effect in improving morale."

Sent Athens 146 eyes only for Ambassador Grady from Carter,² repeated Dept Martel 148.

MARSHALL

² Brig. Gen. Marshall S. Carter was Assistant to the Secretary of State at the Third Regular Session of the General Assembly.

868.20/11-1948 : Telegram

*Memorandum by the Coordinator for Aid to Greece and Turkey
(McGhee) to the Under Secretary of State (Lovett)*

TOP SECRET

[WASHINGTON,] November 19, 1948.

DISCUSSION

The Bureau of the Budget has requested preliminary requirements for Greek-Turkish aid for FY 1950 by November 24, 1948 for the final review by the Director of the Budget of all foreign assistance for inclusion in the President's printed budget. Since discussions currently underway within the Executive have not materialized in new policies with respect to military assistance to Greece and Turkey, recommendations of the chiefs of the respective aid missions have been requested by November 22nd on the basis of existing policy (i.e. policy implicit in PL 75 and related Congressional hearings). In order to evaluate recommendations from the field and to coordinate their final presentation to the Bureau of the Budget and Congress the Department should at an early date seek answers to certain questions:

1. Is there any new policy upon which requests for military assistance to Greece and Turkey can be based which can supplement or supersede existing policy? In this connection recommendation was made in memorandum of August 11, 1948, that an early decision be requested from the NSC defining U.S. long-range strategic interests in Greece and Turkey which could be used as a basis for such a policy. A paper is now under consideration by the JCS for eventual presentation to the NSC which is understood to recommend: (a) No long-range strategic interest in Greece, leaving military assistance during FY 1950 on the basis of the present policy, and (b) Sufficient long-range strategic interest in Turkey to justify assistance over and above that permitted under present policies. (Military assistance for FY 1950 being considered on this basis is \$350,000,000 in comparison with \$75,000,000 requested in FY 1949.) If this decision is made, Turkey will occupy with respect to this country a position more comparable to

the Western Union countries than to Greece. It is not expected, however, that this policy will be developed in time for inclusion of the larger figure in the President's printed budget.

2. Is request for military aid to Greece and Turkey to be lumped with an overall request covering all U.S. foreign military assistance under a revival of the old Title VI of the Foreign Assistance Act now under consideration, and if so: (a) Is the amount requested for Greece and Turkey to be a planning figure only, subject to later reallocation by the Executive, or (b) Is it to be a firm figure which will permit reallocation as between the two countries only? and (c) Will the appropriation be requested from Congress in time to prevent break in pipeline of supplies for the Greek Aid Program. It now appears that new money will be needed for the Greek aid program by April 1, 1949, whereas current estimates are that money under an overall request will probably not be available until May, 1950.

3. If funds for Greek-Turkish aid for FY 1950 are appropriated along with all other U.S. foreign military assistance, which agency or agencies will the President select to administer the assistance?: (a) Who will administer the program in Washington, particularly who will make decision as to funds to be made available to particular countries assuming Congress appropriates a lump sum subject to reallocation? In the event that the National Military Establishment is responsible, can the Department assume that the special political aspects of the Greek problem will be adequately considered? (b) Who will administer the program in the field? Experience has shown the necessity for centralizing responsibility for all U.S. assistance to Greece in the Ambassador. If General Van Fleet were responsible only to the NME there could result three relatively uncoordinated representatives of U.S. agencies in Greece: ECA, NME and State. In the case of Turkey this would not constitute such a great problem, probably no greater than would be encountered in a program of military assistance to the Western Union countries.

RECOMMENDATIONS

1. That the JCS and NSC be pressed for an early decision on U.S. strategic interests in Greece and/or Turkey which will affect military assistance to these countries in FY 1950.

2. That the Department seek to be given continued overall responsibility for administration of military assistance to Greece and Turkey or at least to Greece, even if the NME is given responsibility for administration of military assistance to the Western Union countries.

3. That if all foreign military assistance for FY 1950 is appropriated in a lump sum, the Department seek to have Greek and Turkish or at least Greek assistance appropriated as a firm figure, unless the

Department is assured adequate policy control over subsequent reallocations.

4. That if new funds from an overall foreign military assistance request are not expected to be available by April 1, 1949, the Department support a separate request for assistance to Greece and Turkey or at least to Greece at an earlier date under the Foreign Assistance Act or separately.

CONCURRENCES

GTI: J[ohn] D. J[ernegan]

NEA: J[oseph] C. S[attherthwaite]

868.01/11-2048: Telegram

The Ambassador in Greece (Grady) to the Secretary of State

CONFIDENTIAL

ATHENS, November 20, 1948—3 p. m.

US URGENT

2382. [Here follows one paragraph analyzing the political ramifications of a possible defeat of the Sophoulis-Tsaldaris government in seeking a vote of confidence.]

I saw King at noon today. He believes it touch-and-go whether government obtains majority tonight and is not disposed give next mandate to Venizelos and/or Papandreou. Even if they could form cabinet which would receive majority vote, King considers resulting government would be too weak and unreliable to meet present situation. (I agree with him and might add my opinion that such government would be considerably less effective than its predecessors.) If new Sophoulis-Tsaldaris coalition defeated tonight, King wishes give mandate next to Papagos on understanding government would be constituted with assistance Markezinis¹ to include more efficient members preceding coalition and perhaps one-third outsiders chosen for technical qualifications. King added he would prefer see present coalition supported in Parliament tonight, but believes it would last only month or two at which time Papagos Government would be set up. King's position in offering mandate to Papagos at that time would be stronger as result another failure to maintain government based on parties.

Basing myself on Department's memo² brought by Rountree this morning and on my own considered opinion of realities here, I told King we would support him in his proposal but would expect Papagos Government to consist of effective and efficient ministers and that King

¹ Spyros Markezinis, head of the "New Party".

² Copy not found in Department of State files.

would prevent Papagos or similar government from becoming dictatorship. I said gravity of situation is such that an efficient government for Greece is more important than preserving all traditional democratic forms. He expressed gratification and indicated confidence that Papagos with carefully selected cabinet would receive vote of confidence if armed with decree dissolving Parliament which decree would then not have to be implemented.

British Ambassador fully informed of foregoing and is in general agreement with steps I have taken.³

Sent Department 2382, repeated Paris 277, London 206.

GRADY

³ In a memorandum of November 23 to Messrs. Satterthwaite and Hare, Mr. Jernegan noted that Ambassador Grady's conversation with King Paul on November 20 and other recent events in Greece foreshadowed "the possible early replacement of the present coalition Government by a more authoritarian regime in which General Papagos, Spyros Markezinis, and the King would be the dominant figures. . . . While I agree with Ambassador Grady that we should 'support' the King's proposal (i.e., not oppose it), I feel that we should be under no illusions as to the probable character of a Papagos-Markezinis Government or take too much stock in any pledge by the King to prevent such a Government from becoming a disguised dictatorship. (It is perhaps noteworthy that the King made an evasive reply to Grady on this score.) The advantage of such a regime is that it would give promise of providing Greece with the dynamic, efficient, and inspired political leadership which the country so sorely needs. The disadvantage is that such a regime would probably be less responsive to American influence and desires than its more pliable, weaker predecessors, that errors would be less easily corrected, and that failure of the regime might well entail collapse of the whole Greek political structure, including the throne. (However, this will occur in any event if the battle against the guerrillas is lost.)" (868.01/11-2048)

868.20/11-2248 : Telegram

The Ambassador in Greece (Grady) to the Secretary of State

SECRET

ATHENS, November 22, 1948—9 p. m.

URGENT

Amag 1652. With my approval General Van Fleet, director of JUSMAPG, on November 20 sent to Washington by special courier two copies of JUSMAPG's report of estimated needs of Greek armed forces under plans "A" and "B" for fiscal year 1950, as requested Gama 1329¹ and War 92306. One copy of report, bound in three volumes, will be delivered immediately to Department.

I have not had time since completion JUSMAPG's report on November 20, nor will I have time before its presentation to Budget Committee on November 24 to make thorough study of document. I have, however, read carefully director's memorandum to me transmitting report and statements at beginning of each volume of report. I have made cursory examination of supporting tables of JUSMAPG's esti-

¹ Dated November 9, p. 182.

mated needs of Greek ground, air and naval forces, totalling \$450,000,-000 under plan "A" and \$541,000,000 under plan "B" for fiscal year 1950. This is sufficient to give picture of JUSMAPG's thinking on problem and its solution.

JUSMAPG sees AMAG's mission in Greece, as stated paragraph 4 of director's memorandum: "To assist Greek armed forces in re-establishment of internal security in Greece at earliest practicable date and to reduce Communistic inspired guerrilla movement to point where it can be controlled by military forces and civil police of policy (police) proportions." JUSMAPG's concept of AMAG's mission and its own has remained practically unchanged since JUSMAPG was set up in its present form.

Throughout its life JUSMAPG, whenever threatened with stalemate, has sought to accomplish its mission by increasing size and fire power of Greek armed forces. Thus, in analysis, the key to success according to JUSMAPG thinking is always more: more men, more money and more equipment. In this the thinking of JUSMAPG is in line with that of Greek political and military leaders. Now as over-all AMAG objective, as interpreted by JUSMAPG, and as far removed as ever from fulfillment, JUSMAPG proposes to attain this objective through plan for fiscal year 1950 that calls for further increase of armed forces, with increased striking power and replacement of all British vehicles and large numbers of British weapons.

With the past a matter of record and with this recommendation for the future, it is useful to examine briefly results obtained in Greece from actions based upon this thinking in military, economic and psychological spheres.

We have today in Greece an armed forces organization of 263,000 men, which is fed with American purchased daily rations of 4200 calories, clothed in American purchased uniforms, equipped with American arms, transported by vehicles and pack animals supplied by America and trained and advised in operations by American and British officers. Supporting land army is heavy artillery, an air force and navy. This armed force, thus equipped, trained and advised, has been unable to make appreciable progress, defined in terms of JUSMAPG's statement of mission, against bandit organization of some 25,000 men fed with what they could steal or buy locally, clothed in remnants, armed with old weapons found in Greece or others supplied by their northern neighbors, transported on their own or their donkeys' legs, and trained by their own leaders on both sides of Greek frontier. Bandit land army is not backed by a single airplane, heavy gun or naval vessel. In view of fact we have in course past year on several occasions increased size and equipment of Greek armed forces, during which time strength of bandit forces has remained propor-

tionately constant to that of Greek army, and as we have not achieved greater security by these actions, it seems to me that we are not justified now in assuming we will attain our objective through the use of the old method of increasing again the size and equipment of armed forces. Additionally, I believe that by maintaining even the present large Greek army during the next fiscal year, we may be playing directly into the Communists' hands for with little money and equipment and relatively few men they are attaining their objectives against our mounting investment.

Even though dollar cost of present Greek military establishment of 263,000 men is met entirely by America, the economic impact of an army of this size upon Greece is staggering. Direct drachma cost of this army contributes heavily towards budgetary deficit. Indirect cost to country is even greater. Workers and farmers needed for increasing industrial and agricultural output became non-producers when serving in the army. Key men from civil service are drafted to detriment of civil administration. 750,000 refugees and 1,500,000 indigent persons now living from precarious government dole represent crushing economic burden. A continuing up to 1950 of the drain coming from military establishment of present size without concurrent improvement in security conditions, will become a burden which will paralyze all economic recovery. ECA recovery program then will become simply a relief program. From layman's viewpoint it seems that in present circumstances a large army defeats itself. Within present large army much spiritless fighting can be attributed to presence of old and weary personnel. Within the country each increase in army has been interpreted as our admission that hitherto the Greek army, due to American decisions, has been inadequate in size and equipment. Hence, in one way each increase has lessened the determination of soldiers to prosecute war as they see no reason to extend themselves to do the job that can be shared later with larger army. Each numerical increase, with corresponding increase in supplies, has added proof to Greeks that this, in first instance, is America's war rather than Greece's.

Greek politicians, echoing local press, for a year and a half have spoken of Greece as the focal point on democratic front. Whereas this may have been true eighteen months ago, I believe in our world strategy today, as important as Greece is, as mimic [*vis-à-vis*?] Russia, it deserves to have only secondary consideration. It seems to me the democratic defense of Europe must hinge on England and Turkey. In the chain that connects these countries Greece is one of weakest links. It would have little value to us in case of shooting war between Russia and the US. But in the cold war, the Communists must be prevented from controlling Greece. Assuming my thinking is in line

with American policy, I believe that our military efforts in Greece next year should be limited to approximately its present proportions, although this may result in an operation in the nature of a holding action. With our resources what they are and the world condition what it is today, we are not justified in asking Congress for half billion dollars to be spent in Greece where we will derive little benefit in case of war, nor do I think it realistic to assume availability of military supplies in this quantity in light probable commitments for support of western union defense establishments. Even in absence of war, these funds used to maintain a large military establishment are not likely to benefit us materially since the proposed pattern is the same that has been used in the past and it has not succeeded in re-establishing order and improving hopes for economic recovery.

I recommend, therefore, that director of JUSMAPG be instructed to submit a study of needs of Greek armed forces based on a predetermined maximum budget for fiscal year 1950 which I recommend to be not substantially larger than that of present fiscal year, namely \$150 million. I recommend Embassy plan to use such a sum to maintain an air force and navy approximately present size and an army of only such size as can be supported for balance of funds. I believe there is in Greece the leadership and men with which to build a well-led and vigorous army of this size. In its training emphasis should be placed on mobility and strong striking power. An increase in use of commandos and paratroopers should provide means to attack and eliminate more bandit concentrations and with more bandit casualties, attrition will work in our favor. As I stated in Amag 1613,² I think greater emphasis should be placed on psychological warfare. In the past I suspect at times the Greeks have directed their ability in this line more towards getting additional material from US than causing deserters from bandit bands.

Should these thoughts become known in course of Congressional and budgetary hearings, they will create a profound shock in Greek political and press circles. But sooner or later the leaders of these circles, who have convinced themselves that Greece can expect to live indefinitely on American bounty, will have to learn the realities of life. The blow can be delayed but it will come and we must prepare for the reaction. Although we know the reaction of these circles and do not discount their influence, I believe that in eyes of most forward-looking Greeks the old leaders are largely discredited. Eventually, therefore, we must look to new men to lead the vital elements of the nation. I think plan for a smaller army, if properly presented in Greece, particularly if there is at that time a strong and efficient government in

² Dated October 22, p. 168.

power, to which I am lending my efforts, will have a real appeal to the vigorous element in the Greek nation. The plan translated into a new army with the effective help of JUSMAPG, has a greater possibility of clearing a way for real accomplishment and restoring order than the plan for continuing the presently constituted army or increasing it by prolonging the mobilization of a reluctant citizenry.

GRADY

SWNCC Files, Lot 52-M45

*Memorandum by the Joint Chiefs of Staff to the Secretary of Defense
(Forrestal)*

WASHINGTON, 24 November 1948.

SANACC 358/8

In response to the request contained in a memorandum from the Executive Secretary of the State-Army-Navy-Air Force Coordinating Committee dated 15 October 1948 (SANA-6265¹), the Joint Chiefs of Staff have formulated the following statement of their views on the matter of United States long-range strategic interests in the military establishments of Greece and Turkey, for forwarding by you to SANACC with such comments as you consider appropriate.

From the military point of view, the Joint Chiefs of Staff are of the opinion that, as long as the USSR pursues its expansionist policies, the security of the Eastern Mediterranean and the Middle East is of critical importance to the future security of the United States. Greece and Turkey stand in the way of Soviet expansion in this area and thus it is highly important to our national security interest that neither falls under the control or domination of the USSR.

Both countries offer bases from which the USSR could launch operations against the islands of Crete, Rhodes, and Cyprus and against communications in the Eastern Mediterranean and to the Middle East. Turkey is strategically more important than Greece since in addition it dominates major air, land, and sea routes from the USSR to the Cairo-Suez area and to the Middle East oil fields.

The present economic and political situation in Greece is precarious. Even with considerable military and economic assistance from the United States, Greece will in all probability never have the capability of successfully resisting those attacks in force which the USSR and/or her satellites could launch against her long northern frontier. Greek military spirit is now woefully lacking. On the other hand, the military potential of Turkey, coupled with its high national spirit and geographic situation, makes it possible for that nation now to resist

¹ Not printed ; but see footnote 1, p. 158.

Soviet aggression to the extent of imposing appreciable delay and eventually, with continued U.S. aid, to offer strong resistance to invasion.

Based upon the foregoing considerations, the Joint Chiefs of Staff offer the following definition of United States long-range strategic interests in the military establishments of Greece and Turkey:

a. Greece: A Greek military establishment capable of maintaining internal security in order to avoid the communist domination of Greece.

b. Turkey: A Turkish military establishment of sufficient size and effectiveness to insure Turkey's continued resistance to Soviet pressure; the development of combat effectiveness to the extent that any overt Soviet aggression can be delayed long enough to permit the commitment of U.S. and allied forces in Turkey in order to deny certain portions of Turkey to the USSR.

Since the State-Army-Navy-Air Force Coordinating Committee is considering military aid priorities on an overall basis in SANACC 360/11² and the Joint Chiefs of Staff have submitted comments on this paper*; no specific reference with regard to the priority of aid programs for Greece and Turkey is believed necessary at this time.³

For the Joint Chiefs of Staff:

WILLIAM D. LEAHY

Fleet Admiral, U. S. Navy,

Chief of Staff to the

Commander in Chief of the Armed Forces

² Dated August 18, not printed. SANACC approved the document in amended form on March 15, 1949. It is anticipated that the amended version will be printed in a forthcoming volume in the *Foreign Relations* series.

*Memo for Secretary of Defense dated 1 November 1948 (SANACC 360/12). [Footnote in the source text.]

³ SANACC, by informal action on February 4, 1949, "concurred in the redefinition by the Joint Chiefs of Staff of U.S. long-range strategic interests in the military establishments of Greece and Turkey as a basis for planning in respect to the extent and type of future U.S. military aid to Greece and Turkey." (SANACC 358/9, note of February 4, 1949, by the Secretaries of SANACC, SWNCC Files, Lot 52-M45)

868.00/11-2448

*Memorandum by the Coordinator for Aid to Greece and Turkey
(McGhee) to the Under Secretary of State (Lovett)*

TOP SECRET

[WASHINGTON,] November 24, 1948.

DISCUSSION

In Gama 1329 of November 9, 1948 and Patsu 116 of November 11, 1948,¹ the Chiefs of the American Missions for Aid to Greece and

¹ Latter, identified also as telegram 542 to Ankara, not printed.

Turkey, respectively, were requested to make recommendations as to requirements for FY 1950 on the basis of existing policies and in the light of background given in reftefs.

Recommendation from Ambassador Wadsworth, as Chief of the American Mission for Aid to Turkey, was received in Ustap 142 of November 20, 1948,² which largely concurs in recommendation made in Tusag 626 of November 18, 1948 received by the Department of the Army from General McBride as coordinator of the Turkish military missions. The overall amount recommended is \$100 million, which is consistent with recommendations of the original Oliver Report³ and the amount requested last year (actually \$110,000,000, including certain war reserves), and compares with the figure of \$75 million dollars which was used for planning purposes in the present appropriation and which it is still hoped will be made available for the Turkish program.

Recommendations of Ambassador Grady as Chief of the American Mission for Aid to Greece are contained in Amag 1652 of November 22, 1948, which comments on report by General Van Fleet as Director of JUSMAPG, "Greece Military Assistance Program, Preliminary Budget Justification Fiscal Year 1950", which was received by special courier on November 22nd. General Van Fleet recommends requirements totalling \$450,514,480 under Plan A (as defined in War 92306), which assumes "maintenance of Greek military establishment on the basis of strength presently authorized" and \$541,000,000 on the basis of Plan B, which assumes "maintenance of Greek military establishment on any other basis which you deem essential to accomplishment of US military objectives in Greece", including among others certain factors enumerated in War 92306.

Ambassador Grady in his comments (Amag 1652) essentially repudiates the "more men, more money and more equipment" approach to solution of the Greek problem and recommends for FY 1950 requirement of "not substantially larger than that of the present fiscal year, namely \$150,000,000". Ambassador Grady's recommendation and accompanying explanation coincide closely with views of the Department and of the Armed Forces as revealed in meeting held on November 23rd, and with views of General Wedemeyer, who even in the face of General Van Fleet's recommendation has set a \$200 million dollar ceiling to the Greek aid request for FY 1950.

Although Ambassador Grady recommends an amount not substantially greater than \$150 million dollars, it was the consensus of the meeting referred to, which was held prior to receipt of Ambassador

² Identified also as telegram 831 from Ankara, not printed.

³ This refers to the "Report of the United States Ambassador concerning Assistance to Turkey", July 15, 1947; see *Foreign Relations*, 1947, vol. v, p. 233.

Grady's telegram, that the Bureau of the Budget be requested to earmark in the President's printed budget \$200 million dollars for Greek aid and that General Van Fleet be requested to submit requirements on this drastically reduced basis with statement as to the effects to be expected from this and any further reductions. It was the consensus of the meeting that there was justification for an increase over the current yearly expenditure rate to replace British vehicles and other equipment which has worn out or for which spare parts are not available, and for which no provision was made in the FY 1949 budget because of cut imposed by Congress. General Van Fleet has actually recommended for this purpose \$92 million dollars.

The Turkish figure to be recommended to the Bureau of the Budget is of a rather arbitrary nature, the argument for it following that presented last year. It is recommended, however, that in view of the greatly increased strategic importance of Turkey to the US, the Department request the \$100 million dollars recommended by Ambassador Wadsworth be embodied in the President's printed budget.

RECOMMENDATIONS

1. That the Department recommend to the Bureau of the Budget inclusion of \$200 million for Greek military aid in the President's printed budget for FY 1950, and that Ambassador Grady be advised of this decision and that he and General Van Fleet be requested to present an alternate program on this basis, with indication of effect of this and any further reductions. That Ambassador Grady and General Van Fleet be advised that the basis for future Greek aid shall be as given in the attached draft, which has been approved substantially in this form by General Bradley.

2. That the Department recommend to the Bureau of the Budget inclusion of \$100 million for Turkish military aid in the President's printed budget for FY 1950, and that Ambassador Wadsworth and General McBride be requested to present a final statement of requirements on this basis, together with indication of effect of any reductions.⁴

CONCURRENCES

GTI: Mr. Jernegan

NEA: Mr. Satterthwaite

⁴ Marginal notations indicate that this memorandum was approved by the Secretary of State and the Under Secretary of State. Mr. McGhee, in a letter of November 24, advised Alvin J. Roseman of the Bureau of the Budget that it was the Department's intention to submit a preliminary estimate of \$300,000,000 for the Greek-Turkish aid program appropriation for 1950, \$200,000,000 for Greece and \$100,000,000 for Turkey (868.00/11-2448).

ATTACHMENTS

Following cables:

Patsu 116	Gama 1329
Ustap 142	Amag 1652
War 92385	War 92306
Tusag 626	

Draft "Basis for Future US Military Aid to Greece"⁵

⁵ None of the cables is found attached; but there are attached two drafts of "Basis for Future US Military Aid to Greece". Both drafts contain marginal notations that they were superseded by the version used in telegram Gama 1341, December 6, p. 209.

868.00/11-2448

*Report by the Policy Planning Staff on United States Aid to Greece*¹

SECRET

[WASHINGTON,] November 24, 1948.

PPS 44

The following Policy Planning Staff paper: "Report on U.S. Aid to Greece", was prepared by a working group consisting of Gordon P. Merriam of the Staff, Chairman; Colonel Edwarn [*Edwin?*] A. Walker, Department of the Army; and Charles E. Marshall, Economic Cooperation Administration.

The assignment of the group was to examine the U.S. aid program to Greece in the light of the existing security, economic and political situation in that country.

REPORT ON U.S. AID TO GREECE

1. A Committee consisting of Colonel Edwarn [*Edwin?*] A. Walker, Plans and Operations, Department of the Army; Charles E. Marshall, Program Coordination Division, Economic Cooperation Administration; and Gordon P. Merriam, Policy Planning Staff, Department of State, heard the following persons between October 20 and 26 in the order listed:

Messrs: Nuveen, Chief, ECA Mission to Greece; Coombs, ECA; Coleman, ECA; McGhee, U/GT; Jernegan, GTI; Baxter, GTI; Thompson, EUR; Barbour, SE.

¹ Drafted by an *ad hoc* committee of representatives of the Department of the Army, the Economic Cooperation Administration and the Policy Planning Staff under Mr. Kennan's general direction. Its purpose "was to evolve an up-to-date statement of policy which would give uniform direction to our economic, military and political efforts in Greece at this time." Mr. Kennan transmitted the paper to Mr. Lovett for approval in a memorandum of November 24, which noted that the paper was being sent simultaneously to Mr. Hoffman for his approval (868.00/11-2448).

Colonel Mayo, Middle East Branch, Plans and Operations, Department of the Army;
Lt. Colonel Koepcke, Department of the Army (JUSMAPG);
Mr. Cromie, GTI.

2. All of those who talked to the Committee did so freely and frankly on a personal basis. The analysis, conclusions and recommendations set forth below represent, similarly, the personal appraisals of the members of the committee.

ANALYSIS

3. *Probable Results of Cessation of U.S. Aid to Greece*

Cessation of U.S. aid to Greece would probably result in the immediate formation of an extreme rightist Greek Government, under cover of which a *saufve qui peut* exodus of persons and property from Greece would occur. Virtually complete collapse would take place in a few months, whereupon the communists would control Greece. The international repercussions would be deep and far-reaching, for it would be impossible to explain why we had abandoned a small country which it was well within our capability to support against communist pressure applied by political means and by the use of guerrillas. The entire communist movement would be greatly encouraged and strengthened by such a demonstration of a lack of firmness and perseverance in U.S. policy. All governments and peoples adhering to western concepts would be profoundly discouraged and seriously weakened.

4. *Degree of Success Achieved Thus Far*

The program has been successful in the negative sense that it has prevented the extension of communist control over Greece. On the other hand, the operations of the Greek armed forces (the present authorized strength of the GNA is 147,000) have not resulted in the elimination or even in any substantial reduction of the guerrilla threat to Greece. The maximum guerrilla strength in Greece, 26,400, was reached at the end of March, 1948. Their strength decreased to 20,000 by September 1 and has now been rebuilt to 24,500, despite the fact that 24,000 casualties have been inflicted upon the guerrillas. The guerrillas are militarily not less active or efficient. Recently they have increased their activities at numerous points in the interior of Greece. Economically, success has been achieved up to a point. Runaway inflation has been checked. Imports have been restricted to essentials. The distribution of food and clothing has been reasonably adequate. Some reductions in superfluous governmental personnel have been effected. Substantial repairs and other improvements have been made in canals, roads, bridges, housing, drainage, agriculture and public

health. The adverse side of the economic picture contains such elements as the following: increase in the number of refugees (total now about 700,000) from disturbed areas, guerrilla sabotage of new construction and equipment, insecurity of communications over wide areas of Greece including all of the Peloponnesus, laggardness of Greek export trade, non-investment by Greeks in enterprise in Greece.

\$150 million has been allocated for the Greek military program in fiscal 1949. OEEC has recommended a direct allocation to Greece of \$146 million for the economic program (about 3 percent of the total ERP outlay). Greece's intra-European drawing rights amount to an additional \$66.8 million.

5. Relative Importance in Present Circumstances of Military and Economic Aid

The guerrillas, backed by three satellite states and the USSR, continue as in the past to constitute a direct and serious military threat to Greece by virtue of their operations across the frontiers into Greek territory. These frontier operations, taken together with the sum of their operations in the Greek interior, are having serious disruptive effects, with the result that the life and development of Greece along essentially normal lines cannot take place. The budgetary and foreign exchange drain for military purposes is far beyond Greek capabilities. The physical destruction and damage done by the guerrillas, even the likelihood or possibility thereof, stultify the economic life of the country in numerous ways and set limits to economic rehabilitation. Finally, there is the important question of confidence. So long as the military and public security issues are in doubt, there is no incentive for Greeks to put their capital to work in Greece. Greek capitalists tend, therefore, to sterilize or export their funds. The correction of the situation does not require complete elimination of guerrillas but guerrilla activities must be reduced to the occasional brigandage which is traditional in Greece.

On the other hand, it is obvious that the Greeks cannot fight in an economic vacuum. Strength in Greek economic life will react to strengthen the basis for military effort, both materially and morally—and will reduce the need for U.S. assistance. Weakness has a corresponding adverse effect.

6. Causes of Unsatisfactory Results of U.S. Aid to Greece

Military Causes. Within Greece, the causes are many and various. The sheer length of the Greek frontier—723 miles, of which 600 miles is hostile frontier in present circumstances—in proportion to the area, population and resources of Greece, is a heavy handicap. The mountainous character of the frontier and of most of the interior is another. The military task would be greatly eased if United Nations

observers could work inside Albania, Bulgaria and Yugoslavia as they have done inside Greece, if an effective demilitarized zone could be established on both sides of the frontier, or if operations against the guerrillas could be pushed to completion across the frontiers without causing serious international complications. Thus far, however, all efforts in the United Nations which would result in eliminating, for practical purposes, worry in regard to the Greek frontier, have failed. These causes must be regarded as unalterable for the time being.

Of possibly alterable military causes, the inefficiency of the Greek Army is by far the most important. The elements of this inefficiency are considerable in number.

The Greek soldiers are tired. Except temporarily, their fatigue has more of a moral than a physical character. Greece as a nation has been fighting since 1941. When unable to fight effectively during the German occupation, the country was being stripped and given over to disease and starvation. The soldiers cannot look forward to a time when they can stop fighting. They consider, moreover, that they are bearing the brunt of a fight which is being conducted against the whole western world. They are aware of their duty to defend their own country, but believe that the odds are too great and that, since they are in fact defending the western world as well as Greece, they should receive far more assistance, particularly from the United States. The soldiers are poorly trained and badly led. One explanation for the downturn in Greek morale since Grammos is that the soldiers have realized the capability of the guerrillas to retreat across the frontier and return in force in other localities. Soldiers who are near the term of their enlistment do not want to get killed.

The officers are also poorly trained, except in certain echelons, where there are a substantial number of capable officers. Where efficient officers develop, they are not necessarily given commensurate posts and commands because: (a) of the prevalent Greek sensitivity to casualties; (b) of political preferment. In consequence the officer corps is not on a sound or secure footing but is permeated with distrust; (c) some Greek officers are guided to an important extent by political ambitions.

On the other hand, the Greek soldiers are much better fed, clothed and armed than the guerrillas. The strength of the latter lies in their ability to retreat, rest, rearm and regroup in non-Greek territory without fear of disturbance, in the fact that the proportion of guerrilla strength devoted to actual combat operations is very high, because the auxiliary services of training, supply, hospitalization, etc., are furnished by the satellite governments. It also lies in the strict and brutal discipline of the guerrillas, and the rigid weeding-out of incompetent officers as the result of commissar supervision of operations. It is estimated that, by origin, 20 percent of guerrillas consist of hard-

core communists, 30 percent of fellow-travellers and adherents by convenience, and 50 percent of more or less forced conscripts. Indocination and intimidation are successful in producing fighting qualities of a high order throughout the guerrilla ranks.

Economic Causes. The impact of the security situation upon the economic life of Greece has been mentioned in paragraph 5, and is fundamental. It should be added in this connection that one out of every ten persons in Greece is an indigent refugee, and that substantial areas of the best grainland have been abandoned because of guerrilla activities.

The high degree of centralization of governmental authority is another important deterrent to economic progress. The simplest matter, such as replacing a broken pane of glass in a school house, requires a decision from Athens. The export trade of Patras is dead because of the difficulty of getting permits from Athens. It is hard to revive foreign trade because of high production costs in Greece and the difficulty of marketing semi-luxury products such as are available for export from Greece.

Although several measures have been taken in recent months which presented great difficulties for the coalition government, a large number of reforms are desirable in connection with the economic recovery program. The general economic picture in Greece is one of frustration due to widespread insecurity, the military burden, the refugee problem, underproduction, petty politics and governmental inefficiency. On the other hand most of the economic gains which have been achieved thus far have held up well in the face of recent military reverses.

Administrative Causes. In addition to over-centralization of the Greek Government, there should be mentioned excessive compartmentalization within ministries, which necessitates dealing with inter-ministerial matters on top levels. The Government is over staffed. The positions are rigidly fixed by law, with the result that old positions cannot be abolished or changed except by new legislation. Civil Service standards are low and government employees are poorly paid. Working methods and facilities are inadequate and antiquated.

The ministers are overloaded with detail. They see far too many people but feel that they have to do so, given the highly individualistic character of the Greeks.

In sum, it is difficult to get reforms on the books and even more so to carry them out. The Greek Government has been operating on a highly centralized basis since Greece became independent in 1830.

Political Causes. A democracy cannot be as efficient over the short term as an authoritarian government, due to the checks, balances and delays inherent in the democratic form. Nor can a coalition govern-

ment such as exists in Greece be as efficient or forthright as a single-party government, because of the compromises required to set it up and keep it going.

The ineradicable individualism of the Greek results in tingeing or dyeing everything with political coloration. No governmental action, therefore, whether taken or proposed, is considered on its merits. While this is true to some extent in all democratic countries, it is eminently so in Greece. Since all reforms upset vested interests, every appointment is in some degree a plum, and all battles result in casualties and the transfer of forces from one area to another, the political hand has plenty to grasp if it so wishes. In Greece it is too ready and willing to do so.

7. Possibilities for Relieving the Situation

Starting from the premise that Greece's difficulties arise principally and fundamentally from the objectives and policies of the Soviet Union, the question was examined whether a reduction or a proposal of a reduction in the U.S. aid program would result in friction between Yugoslavia and Bulgaria, and therefore, in effect, between Yugoslavia and the Soviet Union, in view of the fact that Yugoslavian and Bulgarian claims to portions of Greek territory are to some extent conflicting. While there was full agreement as to the desirability of such a development, it was felt that there could be no confidence that it would occur to a degree that would have real importance. Probably the existing guerrilla-Markos framework would be maintained, with the result that Markos and his guerrilla forces would be encouraged. The communist countries which are helping the guerrillas might be encouraged to furnish additional assistance which otherwise might not be forthcoming. If Yugoslavia should decide to utilize the occasion by enlarging its territory at the expense of Greece, and difficulties ensued with Bulgaria, the Soviet Union might intervene for the purpose of overthrowing Tito on the ground of necessary protection for Bulgaria. The Greeks would be deeply discouraged and the chain of events mentioned in paragraph 3 might commence.

Military. The present GNA strength is eight divisions. It had been felt in some quarters that an increase in strength to twelve divisions would result in a reasonably sound frontier situation. The cost and the effects upon the Greek budget and general economy would be serious, however, consequently the probable benefits of such a program would have to be weighed carefully against the disadvantages. In view of the recent lack of offensive spirit on the part of the Greek soldiers, and poor tactical handling, the question has arisen whether quality rather than quantity should not be the immediate objective. Prelimi-

nary consideration is being given to a plan whereby military aid-to-Greece would be changed from a year-to-year to a three or four-year program in which sound training of a large proportion of the GNA, coupled with a weeding-out of incompetent officers, would be the main features. The object would be to build up moral and military competence. Other steps, such as the replacement of old soldiers by young men, lengthening the present two-year service term, some additions to equipment, a greatly strengthened Greek information service to work on military as well as civilian morale, appear possible without too much difficulty. The appointment as Commander-in-Chief of a competent military officer* with sufficient prestige and force of personality to eliminate political interference with the military effort, is desirable, particularly if it can be brought about as the result of the initiative and with the approval of the regularly constituted political leaders.

A more streamlined handling of Greek civil affairs also appears necessary if the full national effort is to be mobilized to support the military effort. There are various ways of accomplishing this, all of which require careful exploration. It could be a military framework, a civilian framework, or a combination. In any case, the objective would be to bring about greater efficiency in both military and civil administration, and to put aside, temporarily, many of the less essential features of representative government as normally practiced in Greece. Everything possible should be done to curtail petty political maneuvering and similar impediments to efficient action during the present period when the life of Greece as a free nation is at stake. Provided such a change takes place on the basis of popular approval, the overall results might well be not only beneficial to the military effort but fairly acceptable to western public opinion. The great pains which the U.S. and other countries took to assist in the resumption of Greek political life on a thoroughgoing democratic basis, are realized. However in the United States, which after all is the mainstay of Greece, interest at the present time appears to be directed increasingly to the question whether the Greeks are doing their utmost to overcome the communist threat.

Economic. A series of steps and measures beneficial to Greek economy have been taken and more are projected. The most important of these at the present time is proposed legislation for the decentralization of the Greek administration. There is widespread support for a measure of this kind in Greece. There is also some Greek opposition. Moreover, there is considerable difference of opinion among U.S. officials in

*The highest military authority in Greece at the present time is the Supreme Council of National Defense, a politico-military body. [Footnote in the source text.]

Greece as to the merits of the draft legislation as it stands, and as to the rapidity and extent of the improvement in conditions which would follow its enactment.

Two other important steps, first, providing conditions for greater effectiveness of the Foreign Trade Administration, and second the elimination of octroi and third-party taxes, are under discussion with the Greek Government. A list of additional reforms to be incorporated in the Government's recovery program is now being prepared jointly by the U.S. and Greek Governments.

It should be noted that, to the extent that counterpart funds have to be utilized for military purposes, these are not available for the economic program.

The U.S. has adequate bargaining power for pressing through reforms. These are: (1) the existing understanding with coalition leaders that individual ministers, if uncooperative, will be removed at U.S. suggestion; (2) authority provided by U.S. legislation to terminate aid in whole or in part if Greek cooperation is not forthcoming or inadequate, by withholding authorized and allotted funds; (3) threat that the U.S. Congress, if not satisfied with Greek cooperation, will cut down or eliminate future aid to Greece; (4) general Greek reliance upon the U.S. for support and advice on a wide range of problems in the field of Greece's foreign relations.

8. *Conclusions*

A. The communist effort to dominate Greece through the use of Greek guerrilla forces continues unabated.

B. This effort has not been successful, nevertheless the regular Greek forces have been unable to establish a satisfactory security situation on the frontiers or in the Greek interior.

C. As the result, adequate progress cannot be made in the program of economic rehabilitation.

D. The reasons for this unsatisfactory situation are inefficiency and lack of sustained fighting spirit of the Greek Army, political interference in military affairs or fear thereof, inefficiency of the Greek civil administration, and inability to bring about, through the United Nations a relaxation of communist pressures.

E. The military and internal security requirements are paramount in the present situation. Several means for increasing the morale and competence of the Greek Army are under active consideration.

F. We have not yet exhausted the possibilities of bringing about improvements through the power and influence which we are in a position to exert under existing arrangements and conditions.

9. Recommendations

A. We should continue with our efforts to achieve, through economic and military aid, an improvement in conditions in Greece so long as it is in our interest to oppose communist aggression in that part of the world by the use of U.S. resources, and so long as the Greek Government continues to evidence determination to oppose such aggression.

B. In determining the size and nature of the economic aid programs, the implications of our policy of giving priority to the solution of the military-security problem should be taken fully into account.

C. We should not hesitate to insist with the Greek authorities on such action as we are sure would be beneficial to the success of our program and which they could realistically be expected to take. In this connection, our first consideration should be the efficacy of the action from the standpoint of the entire program. Considerations of adverse opinion in this country or elsewhere should be secondary.

D. We should encourage the Greek Government to simplify its operating methods and procedures, both political and administrative, and in general to strive for greater efficiency in meeting the dangers with which the country is faced.

E. For the time being the differences which have developed between Yugoslavia and the Cominform countries should not be the cause of any modification in our policy.

F. While we should not lightly threaten specifically a withdrawal of aid, we should not hesitate to make it clear to the Greeks, whenever necessary, that there are limits beyond which it would no longer be worthwhile for us to proceed with a program of economic and military assistance to Greece, and that if those limits are exceeded we would have to seek other means of safeguarding U.S. security in the area.

G. If there should be a deterioration of conditions leading to an immediate or near-term likelihood of communist domination of Greece, the situation should be reviewed at once.

868.00/11-2448

*Memorandum by the Coordinator for Aid to Greece and Turkey
(McGhee) to the Executive Secretariat*

SECRET

[WASHINGTON,] November 26, 1948.

As requested in your memorandum of November 24th,¹ the following comment is offered on the attached policy planning staff paper

¹ Not printed.

"Report on U.S. Aid to Greece"² which has been received this date. This report is believed to represent a thorough, penetrating and constructive analysis of U.S. aid to Greece, and should prove most helpful in the administration of future aid to Greece, particularly in so far as it represents agreement between the Department of State and ECA on issues of mutual interest. The following observations follow the subdivisions of the report:

1. *Analysis.* The following comments are offered:

(a) A program of military aid to Greece on a three to four year basis would be a great improvement over the present year-to-year basis. Planning for FY 1950 includes this assumption, although it is not possible, of course, to make any commitment to the Greeks as long as Congressional appropriations are on a year-to-year basis.

(b) Decision as to whether a Commander-in-Chief of the Greek armed forces would be preferable to the existing arrangement, which includes a Chief of Staff, is a debatable one and one best solved in Athens. The question of availability of a suitable candidate is perhaps decisive. The Secretary has views on this subject. For example, he would prefer a Commander-in-Chief in the field rather than one in Athens as proposed by the King and Greek political leaders.

2. *Conclusions.* I concur.

3. *Recommendations.* I concur, with the following comment.

The Public Law 75 military aid program is, to the best of my knowledge, being administered in accordance with the policies set forth in the recommendations, with the possible exception of (F). The threat to withdraw all aid from Greece has not yet been resorted to and raises, I believe, grave issues. Its application includes consideration, among other things, of who the threat is made to: a particular minister, the Greek Government or the Greek people. In the first two cases the minister or government may for political reasons resign rather than carry out conditions they consider onerous, whereas the Greek people, if they had adequate political leadership, might be willing and able to carry them out. I do not believe it necessary or desirable to threaten to withdraw aid totally, since I believe it would be against our ultimate interests if the threat had to be carried out, and in my opinion there is adequate bargaining power in threatening to reduce or change the nature of the aid, which makes unnecessary the use of the bargaining power of total withdrawal.³

² *Supra.*

³ Marginal notations on the cover sheet of copy 11 of PPS 44 indicate that the Secretary and Mr. Lovett approved the paper on December 1, 1948, and January 5, 1949, respectively and that ECA approval was received by January 3, 1949.

868.20/11-2648: Telegram

The Secretary of State to the Embassy in Greece

SECRET

WASHINGTON, November 26, 1948—6 p. m.

Gama 1336. Dept concurs estimate situation and conclusions outlined Amag 1652.¹ After meeting with reps Army, Navy and Air, Dept agrees Director JUSMAPG be requested develop requirements on basis \$200 million allotment mil assistance to Greece FY 1950 and submit analysis impact on mil program of reduction to \$200 million from figures Nov 20 report. Request also statement on impact any possible further reduction to \$150 million. Army logistics experts point out since FY 49 budget eliminated all items for replacement vehicles, accumulated replacement vehicle requirements for FY 49 and FY 50 and cost replacement aircraft will undoubtedly increase cost maintaining mil effort present proportions in Greece.

Dept awaits your full comments on Director JUSMAPG Nov 20 rept and on \$200 million program developed by JUSMAPG as well as any specific proposals for achieving objectives stated Amag 1652.

MARSHALL

¹ Dated November 22, p. 187.

Executive Secretariat Files, Lot 63-D351

*Draft Report by the Department of State to the National Security Council*¹

TOP SECRET

[WASHINGTON, November 30, 1948.]

THE POSITION OF THE UNITED STATES WITH RESPECT TO THE USE OF
U.S. MILITARY POWER IN GREECE

THE PROBLEM

1. To reconsider the position of the United States with respect to the use of U.S. military power in Greece, pursuant to paragraph 10 of NSC 5/4.²

ANALYSIS

2. Conclusions were reached in NSC 5/4, dated June 3, 1948, that "the United States should not now send armed forces to Greece as token forces or for military operations," and that "if the situation in Greece should deteriorate and, in any event not later than November 1, the National Security Council should reconsider the problem."

¹ Prepared by the Policy Planning Staff as PPS/46.

² Dated June 3, not printed; but see editorial note, p. 101.

3. United States military and economic aid to Greece has been successful to the extent that it has prevented communist domination and control of Greece. On the other hand, the results achieved in 1948 will fall short of those envisaged in the appendix to the memorandum of the Secretary of National Defense annexed to NSC 5/4, which were stated as follows:

The United States program of assistance to Greece, now to be continued and strengthened, should result in overcoming the guerrilla efforts within the current calendar year provided the Soviet satellites and the USSR do not take active part with their armed forces.

The effect of a series of successful military offensives culminating in the Grammos operation of June–August on the Albanian frontier has been counterbalanced by the fact that several thousand guerrillas were able to escape from the Grammos into Albania and return to Greece and by the ability of the guerrillas further to recoup their manpower losses from reserves abroad and by recruiting within Greece. Thus the overall strategic situation remains substantially unchanged and there has been a marked deterioration of public order in the Peloponnesus.

4. The basic pattern of communist-instigated military action has remained unchanged, i.e. Greek guerrillas are used exclusively and there is no direct participation in military operations against Greece by the armed forces of the USSR or Greece's three northern neighbors, apart from occasional minor frontier incursions, recurrent harassing fire from across the frontier against the Greek Army, supply by sea of guerrilla forces in regions removed from the frontier, satellite hospitality and assistance to guerrillas, and presumed operational direction exercised on non-Greek territory.

5. The United States assistance program to Greece has been continued and strengthened by equipping the Greek armed forces with American military supplies and equipment which is superior to that possessed by the guerrillas, feeding the Greek Army, provision of U.S. military operational advice, and an economic program for the benefit of the civil population of Greece.

6. The inadequate results have been due to:

a. the guerrilla ability to retreat to satellite territory for tactical moves, rest, hospitalization, rearming and regrouping;

b. the guerrilla ability to recoup manpower losses by drawing on reserves of Greek nationals outside Greece and by recruiting, forced or otherwise, within Greece which is facilitated by the economic distress and declining morale of the population;

c. the lack of sustained offensive spirit on the part of the regular Greek forces whose morale has been adversely affected by the seemingly endless nature of the struggle;

- d.* the inadequate training and mediocre military qualities of a good percentage of the GNA officers and men;
- e.* political interference with and lack of efficient centralized control in the leadership of the Greek national forces.
- f.* the continued courage and tenacity of the guerrillas, especially of the hard communist core;
- g.* the economic and political situation in Greece which, though improved, continues unsatisfactory due principally to insecurity on the frontiers and within Greece but in part also to shortcomings of the Greek authorities.

7. The satellite situation has been modified in theory and to some extent in practice as a result of the Tito-Cominform rift. Yugoslav subservience to the USSR has presumably been terminated, and Albania's land communications with the Soviet bloc have presumably been rendered more difficult. Yugoslav material aid to the Greek guerrillas has apparently been somewhat reduced, owing to Yugoslavia's need to conserve its own resources. On the other hand, Albanian logistic and tactical support of the guerrillas has actually increased. Yugoslav policy of supporting the guerrillas remains unchanged, the movement of guerrilla reserves from Yugoslavia into Greece has been facilitated, and the guerrillas continue to enjoy great tactical advantage from the virtually unhindered use of Yugoslav territory.

8. Although the USSR may have come to the realization that the guerrillas cannot dominate Greece by military action alone so long as U.S. aid continues, it derives great advantage, from its own narrow viewpoint, in maintaining Greece in turmoil and draining Greek and U.S. resources. The USSR undoubtedly counts on eventually exhausting Greek U.S. morale, bringing about the cessation of U.S. aid, and thereby winning Greece by default. There is thus no indication and no reason to believe that the USSR would permit any political settlement with Greece which would not result in or pave the way for communist domination of the country.

9. Employment in Greece of U.S. armed forces in adequate strength would, of course, help greatly in sealing the frontiers, in increasing the sense of internal security and the tempo of economic rehabilitation. It would be enthusiastically welcomed by Greece, would greatly hearten the opposition elements (the majority of the population) in Albania, Bulgaria and Yugoslavia, and might result in more circumspect behavior by their Governments. The reaction of the Yugoslav regime would be problematic, depending on whether Tito moves closer to the western orbit, returns to the Cominform fold, or disappears. The presence of U.S. troops in Greece in force could accelerate this diplomatic evolution, but it is impossible to say in what sense, since other factors will probably determine its direction. On the other hand, the probable or possible effects of employing U.S. armed forces in Greece

must be carefully weighed in the light of our military capabilities, commitments and plans, and the overall world situation. Moreover, effective propaganda use would be made of the presence of U.S. combat troops in Greece by the USSR, which would doubtless adopt an attitude justifying it in the use of satellite or USSR forces against Greece should such action fit in with overall Soviet plans. Conceivably, the use of U.S. combat troops in Greece might be used as a pretext for the introduction of Soviet troops into Yugoslavia, or other satellites not now occupied by Russian forces, or for intensified USSR and satellite pressure and action in areas such as Trieste, Italy and Austria.

10. The Greek Government has repeatedly suggested to the United States Government the possibility of collective defense of Greece under the permissive authority of Article 51 of the United Nations Charter. The pertinent part of this article reads: "Nothing in the present charter shall impair the inherent right of individual or collective self-defense if an armed attack occurs against a member of the United Nations, . . ." In raising this question, the Greek Government undoubtedly has in mind the dispatch of armed forces of the United States and other friendly nations to assist in closing the northern frontiers of Greece against the assistance now being furnished by Albania, Bulgaria and Yugoslavia to the guerrillas. The Department of State is studying the question whether the activities of the three northern countries in support of the guerrillas would constitute legal justification for invoking Article 51.

CONCLUSIONS

11. Developments in the Greek situation have not been of sufficient consequence to require alteration of the conclusion set forth in NSC 5/4, paragraph 9, or reconsideration of the general considerations set forth in paragraph 11.

12. The National Security Council should keep developments in Greece under continuing review.³

³ The National Security Council, on January 10, 1949, approved the conclusions in this report (NSC Action 173, Executive Secretariat Files, Lot 66-D95).

Editorial Note

In his report of December 6, 1948, to the Congress on aid to Greece and Turkey for the three months ending September 30, 1948, President Truman noted that the opportunity to bring the guerrilla menace under control in 1948 had been lost. He concluded that "Although the Greek people have not yet succeeded in eliminating this guerrilla

menace, they are as of September 30, 1948, much better prepared to carry their fight to a successful conclusion as a result of the United States military-aid program. So far as numbers of troops, supplies, and equipment are concerned, United States authorities are confident that the Greek Army, Navy, and Air Force possess the capability of restoring internal security in Greece in the face of a guerrilla movement of the present proportions.

"The Greek forces must now devote themselves to additional training and to development of leadership in all echelons in order fully to exploit this capability in future offensive operations." (Department of State, *Fifth Report to Congress on Assistance to Greece and Turkey*, pages 1, 2. The Report was released in January 1949 as publication 3371.)

368.20/12-648 : Telegram

The Acting Secretary of State to the Embassy in Greece

TOP SECRET

WASHINGTON, December 6, 1948—7 p. m.

Gama 1341. Following statement basis US military aid to Greece developed for use in evaluating budget requirements FY 50. Statement roughly parallels Army statement set out War 80149, Nov 24th:

a. That US military aid be made available to Greece only extent required eliminate large-scale guerrilla activity and thereafter maintain reasonable state internal security, and that no attempt be made provide US support for establishment Greek army large enough to "seal" militarily northern borders of Greece or defend Greece against full-scale invasion.

b. That military aid furnished Greece be evaluated in relation requirements other countries united with US in resisting communist expansion and to advantages expected accrue to US in accomplishing basic US objectives. Assistance should not be reduced below that required prevent domination Greece by communist elements without careful consideration impact such decision overall US objectives.

c. That military supplies and equipment be furnished Greece on austerity basis, related closely as possible to standards traditional to Greek army and similar armies fighting under like circumstances and with careful consideration of ability Greek forces effectively to utilize supplies and equipment furnished.

d. That every effort be made, so far as feasible from economic standpoint, to place on Greek government responsibility for procurement of all supplies for their armed forces available from Greek economy and resources, including supplies not now available but which with reasonable US economic assistance could be produced in Greece. Other military supplies and equipment should continue be obtained through US military procurement channels or, where necessary, from other sources subject US supervision.

LOVETT

868.20/12-748: Telegram

The Ambassador in Greece (Grady) to the Secretary of State

SECRET

ATHENS, December 7, 1948—9 p. m.

Amag 1657. In replying to instructions contained in War 80149, Director JUSMAPG December 8 is sending to Washington by special courier JUSMAPG estimate needs Greek armed forces for fiscal year 1950.

Revised budget, totalling about \$199 million, gave approximately \$10 million to Greek Navy, \$25 million to Air Force and \$164 million to Army. Navy figure represents no change in size and strength proposed in Plan "A". Money-saving accrues from overall reduction in imported rations from 3900 to 3600 calories daily per man. Air figure represents no reduction in size and strength proposed in Plan "A". Money-saving accrues from overall saving in imported rations and discovery of apparently adequate surplus stock of equipment available at disposal prices. Army figure represents reduction by end fiscal year 1950 of 50,000 men, achieved by initiating disbandment NDC on November 1, 1949 and completing it by January 1, 1950. Cash saving accrues principally from saving made from this reduction; by overall saving through reduction in imported rations; by reduction program for replacing British weapons and vehicles and by cutting ammunition to somewhere near figure Greeks themselves would cut it if they were buying with their own money.

In Amag 1652,¹ I gave my reasons for not approving JUSMAPG's approach to solution of problem and staggering estimates in support plans "A" and "B" which were based upon JUSMAPG's understanding problems set forth in War 92306. I can, however, now go a long way in approving JUSMAPG's latest estimate in reply War 80149. I endorse its estimates for both Navy and Air Force as minimum figures. I approve reduction ration of Greek forces. Proposed daily Greek ration is 3600 imported calories, augmented by locally-purchased fats, jams, tomato paste and fresh fruits. This is reduction from what they have enjoyed past year from US but is as great as US provides for its own soldiers and far greater than ration Greek Army once had. I approve elimination costly changeover from British to American weapons and vehicles. I approve curtailing ammunition imports. During Grammos campaign I watched Greek artillerymen using expensive ammunition irresponsibly, send repeated volleys against rocky slopes of mountain ridges, knowing only that area was

¹ Dated November 22, p. 187.

not occupied by GNA (Greek National Army) much in manner of American children setting off firecrackers on July 4. Most of all, I approve elimination of inefficient NDC with consequent reduction of GNA.

With all these cuts, Greek national forces in fiscal year 1950 will be infinitely better fed, clothed and transported than their enemy. Greek Army numerically will have heavy superiority over rosiest estimates of strength of their enemy. Greek forces will have dominating superiority of fire power, and absolute control of air and sea.

Should Department desire to reduce JUSMAPG's \$199 million estimate to approximately \$150 million, I believe this should be accomplished by reducing Greek Army budget. A smaller budget means a smaller army with reduction preferably starting this fiscal year. I further believe this can be brought about beginning about April first, without substantial loss of real strength of Army.

Whereas Director JUSMAPG proposes starting reduction of Army at end 1949 summer campaign, considering summer period for operations and victory, I would propose starting reductions at end of winter 1948-49. In fighting guerrillas I believe winter should be our greatest ally. We can be closer to victory at end of winter than at end of summer. Advancing winter drives guerrillas deeper into valleys in search food and shelter. If GNA can keep them constantly on the move, it will eventually wear them down to surrendering or standing and fighting. A fight has meant, and should mean, GNA victory. Since broad plan of keeping guerrillas on move contemplates starting this month a sweep in southern Greece and moving northward, we should find at end of this winter that main force of Army is occupied in containing and attacking guerrilla pockets along northern frontiers. Granted that if aid and refuge from northern neighbors continues, these pockets can never be completely eliminated. I believe nonetheless with the rear swept clear of large bands, we will have won our basic military objective in Greece. This I consider to be elimination of all fixed positions of heavy guerrilla concentrations and consequent reduction of guerrilla menace to such proportions as we feel should be within ability of Greeks themselves to control. If, at this point, Greek leadership and initiative are incapable of coping with situation, then we should prepare ourselves to get out at first opportunity or to stay indefinitely for purpose of nursing along a nation that does not show the will to recover.

World-wide demands on US production and capital and real position today of Greece in US fundamental strategy, also indicate de-

sirability reducing Army at end of winter 1949 as above outlined. By cutting away as much dead wood as is possible, the solid core that remains, equipped with weapons provided by our estimates, with training JUSMAPG plans this winter, should form the most capable army Greece has had in recent years. Of course, its effectiveness will depend upon its spirit and leadership. These we cannot give. They must come from with[in] itself. Without them neither large nor small army will do the job, and small one will be less burden than large one.

Therefore, in summary, for the reasons I have stated I support recommendations of Director JUSMAPG based upon budget of maximum of \$200 million for fiscal year 1950. Should it be desirable, however, to cut this figure, I recommend cutting NDC portion of GNA budget at an earlier date than that suggested by Director JUSMAPG. Should a further saving beyond this point be necessary, I recommend it be done in rations.

Recent Athens press reports, in commenting upon military and refugee needs, are unanimous in crying that Greece must appeal to her allies. Not one suggests that Greece, before appealing to her allies, should see what she herself could do for finding a solution. Until Greek political and press circles change their approach, they are failing to face up to the problem. Until they face up to it, more help can only be considered as priming the pump for further requests, and such requests only as an excuse for putting off until tomorrow the job that should be done today. I have growing feeling that only way to change this rhythm is to shock Greek political and press circles into cold realities of life. I suggest re Gama 1336 ² that when budget for Greek program is presented to Congress consideration be given to inclusion statement that Greece is not essential to US security and therefore aid is not requested because of our military need. I believe our position vis-à-vis the Greeks would be greatly strengthened if Greek aid program is presented to Congress in its true perspective as a part of our political peacetime objectives through helping a nation that is helping itself fight the inroads of Communism. In Greece I am taking steps to place release of Greek Army funds under control of Greek Ministry of Finance, to strengthen press censorship of military matters and as previously reported to develop psychological campaign, sponsored by strong government if we can bring such into being, directed towards revitalizing the nation's strength through self-help rather than sustaining it artificially through foreign grants.

GRADY

² Dated November 26, p. 205.

868.00/12-1448

Memorandum by the Assistant Chief of the Division of Greek, Turkish, and Iranian Affairs (Baxter) to the Director of the Office of Near Eastern and African Affairs (Satterthwaite)

RESTRICTED

[WASHINGTON,] December 14, 1948.

The attached letter ¹ was handed to Ambassador Grady in Paris by Mr. Tsaldaris on December 9 when the Ambassador was en route to Washington for consultation. It is essentially an argument against the cancellation of the reconstruction program and the diversion of 500 billion drachmae from the drachma counterpart fund to cover some of the Greek budgetary deficits.

In conclusion the Greek Government proposes that the United States "continue to grant special military aid to Greece . . . sufficient to cover non-recurring military expenditures in the Greek budget" and that "until such aid is approved, Greece . . . accept the temporary solution of utilizing ECA funds to cover military expenditures, but on condition that such funds be refunded as soon as possible to the reconstruction account so that the reconstruction programme, as originally planned, be realized in its entirety." ²

A copy of the letter has been sent under instruction to Athens.

¹ Not printed; the letter is undated.

² Mr. Baxter discussed Mr. Tsaldaris' letter with the Greek Ambassador on December 13, noting that "it would be difficult to adopt the procedure suggested by Mr. Tsaldaris, because it would require a substantial increase in the military aid appropriation and, furthermore, the only way I could see to increase the drachmae available to the Greek Government would be to take the additional dollars appropriated and use them to import additional consumer goods into Greece for sale to the Greek people. It would do no good to turn over the dollars as such to the Greek treasury, because unless they were used to buy something useful to the Greek economy, any additional drachmae put into circulation would have a bad inflationary effect." (868.20/12-1348)

867.00/11-2648 : Telegram

The Acting Secretary of State to the Embassy in Turkey

TOP SECRET

WASHINGTON, December 15, 1948—6 p. m.

588. You may reply to Balta's ¹ approach along following lines (reurtel 839 Nov 26 ²):

1. Current conversations re possible formation of "Atlantic Pact" are still exploratory. While there is general agreement such

¹ Tahsin Bekir Balta, Acting Turkish Foreign Minister.

² Not printed; it gave the substance of a note handed by Mr. Balta to Ambassador Wadsworth setting forth Turkey's desire to be included in the projected Atlantic pact (867.00/11-2648).

pact would be desirable US Govt has not yet reached definite decision to negotiate one and can reach decision only after consultation with US political leaders concerning proposals by Brussels Treaty countries.

2. US participation, if decided upon, will be based on policy stated in "Vandenberg Resolution" of June 11, 1948. This resolution provides for association of US with "regional groups affecting our national security and based on continuous and effective self-help and mutual aid". Present discussions envisage possible US association with Brussels Pact countries, which obviously constitute compact regional group. One of first subjects we expect discuss with them is possible membership of other countries and relationship to countries which do not become members. It is very doubtful however that Turkey, which is neither in Western Europe nor on the Atlantic, could be considered to form geographically part of this regional group.

3. Steps being taken by US toward association for defense with nations outside Western Hemisphere constitute radical departure from past American peacetime policies. Consequently, US Govt feels obliged proceed with utmost care, making sure of its ground at every move. We consider it essential determine exactly how arrangement with Western European states can be worked out before endeavoring broaden base of such arrangement.

4. For these reasons, we would prefer that Turkey not press at this time for inclusion North Atlantic group.

5. Our interest in North Atlantic security in no way implies any lessening of interest in Turkish security and we are giving active study to best means of making this clear if and when a North Atlantic pact is concluded.

6. We do not consider that Turkey has any reason to complain of lack Amer interest and support. Continuing military aid program and repeated strong diplomatic support (latest example of which was President's broadcast statement Oct 29) should be ample evidence that Turkey holds special place in US foreign policy.

If FonMin proposes formation Mediterranean pact as substitute for Turk entry into North Atlantic group, you should say we would not wish at this time either to encourage or discourage creation such pact. We have our hands full working out problems of North Atlantic grouping and simply cannot attempt consider other regional groupings until that is more clearly developed.

In summary, Turks should be patient but should not be discouraged. We will not overlook their importance or their security problems.

Brit Amb being similarly instructed. Coordinate your approach with his.³

Send Ankara 588; repeat London 4665.

LOVETT

³ In a memorandum of December 14 to Mr. Lovett, Mr. Satterthwaite stated that "The Greek Ambassador has recently approached the Department informally with regard to the possible inclusion of Mediterranean countries, such as Greece and Turkey, in the North Atlantic Pact. He was told that no serious consideration had been given to such a move and that it was doubtful that the United States Government would be prepared to consider any broadening of the base of the proposed arrangement at this early stage. He was also told that the United States was not prepared at this time to express an opinion on the desirability of forming an eastern Mediterranean bloc as a counterpart to the Western European group." (840.20/12-1448). Mr. Jernegan's conversation with the Greek Ambassador took place on December 1 (840.00/12-148).

867.00/12-1448: Telegram

The Acting Secretary of State to the Embassy in Turkey

SECRET

WASHINGTON, December 15, 1948—7 p. m.

589. Patsu 122. Re Ustap 150.¹ \$50,000,000 have been allocated Turkey from FY 49 funds (Patsu 114²). With Ambassador Grady's concurrence, Dept recommended to Sec Def additional \$25,000,000 be allocated, bringing total Turkish allocation FY 49 to \$75,000,000. Prompt approval Sec Def anticipated.³

Dept and Army consider unnecessary any departure present policy of withholding info concerning division FY 49 Aid funds between Greece and Turkey, since such info might provide basis for comparison and comment producing an unfortunate reaction. Moreover, funds allocated Turkey but unobligated might have to be diverted to Greek program in unforeseen emergency. For these reasons Dept and Army prefer avoid specific statement re division Greek-Turkish funds.

LOVETT

¹ Identified also as telegram 881, December 14, from Ankara, not printed.

² Identified also as telegram 519, October 25, to Ankara, not printed.

³ Secretary Forrestal's approval was given in his letter of December 23 to the Secretary of State (867.00/12-2348).

868.00/12-1748

*Memorandum by the Coordinator for Aid to Greece and Turkey
(McGhee) to the Under Secretary of State (Lovett)*

SECRET

[WASHINGTON,] December 17, 1948.

DISCUSSION

The Department has been advised that \$225,000,000 is being included in the President's budget for the fiscal year 1950 to provide for the

program of "Assistance to Greece and Turkey", Public Law 75, as amended. It is felt very strongly that the needs of the program justify an appropriation of \$300,000,000 in 1950, in carrying out present policies, if the U.S. is to render substantially the same level of aid to Greece and Turkey in fiscal 1950 as was made available in fiscal 1949.

[Here follow paragraphs numbered 1 and 2, giving justifications for appropriation of \$200,000,000 for Greek aid and \$100,000,000 for Turkish aid.]

3. The cost of maintaining the same level of aid to Greece and Turkey has been materially affected by the following factors:

(a) In fiscal year 1948, and to a lesser degree in fiscal year 1949, the Army was able to supply Greece and Turkey with considerable Army surpluses at a small fraction of the cost of purchases in the open market. Due to heavy demands of this program and other aid programs this source has been exhausted, items needed in the 1950 program must be bought in the open market at the full cost.

(b) With respect to other basic items it has been estimated the costs will increase over the fiscal year 1949 between 5% and 10%.

(c) Similarly, the Military estimates that the cost of handling, packing and shipping will also increase from 5% to 10%.

Mr. Hall of OBP advises that the Bureau of the Budget has told him that there is enough slack in their budget to expand the Greek-Turkish figure to \$275,000,000, if necessary. However, it is believed that the importance of our programs in Greece and Turkey is such that the Department should hold out for the \$300,000,000 figure. The Bureau has advised that final decision can be deferred until after the hearings before the Bureau now scheduled for December 22-23. However, it is desirable to clarify the position of the Department with respect to the request as soon as possible, certainly before the hearings. The JCS is expected to approve the full amount in meeting to be held this date and Secretary Forrestal is expected to recommend the full amount in his reply to the Department's letter to him of December 10, 1948.¹

RECOMMENDATION

It is recommended:

That the Department take a strong position vis-à-vis the Bureau of the Budget for inclusion of the full \$300,000,000 request for aid to Greece and Turkey in the President's budget.

¹ Not printed; Secretary Forrestal did so recommend in his letter of December 23 to the Secretary of State (867.20/12-2348).

Editorial Notes

Two American parties visited Turkey in the closing days of December 1948 and called upon President Ismet İnönü. Secretary of the Army Kenneth C. Royall and a party visited Ankara on December 17-19, 1948, during a tour of a number of European countries. Secretary Royall, accompanied by Ambassador George Wadsworth (who was also Chief of the American Mission for Aid to Turkey), Gen. J. Lawton Collins, Vice Chief of Staff of the U.S. Army, and Maj. Gen. Horace L. McBride, Chief of the U.S. Army Group, American Mission for Aid to Turkey, called on President İnönü on December 17. Foreign Minister Necmettin Sadak and Minister of National Defense Hüsni Çakir were also present. Secretary Royall briefly reviewed the Western defense posture and problems in Europe. President İnönü reiterated Turkey's determination to resist Russian aggression, expressed appreciation for American military aid, and emphasized the mutuality of American and Turkish interests. He indicated his disappointment, however, at the level of military aid, and he asked Secretary Royall to deliver to President Truman an oral message expressing recognition of the common American-Turkish interest in resisting Soviet aggression and urging that the United States declare at every appropriate occasion that Turkey would not be abandoned.

Vice Adm. Arthur W. Radford, Vice Chief of Naval Operations, and a party visited Ankara on December 19-21 during a tour of Europe and the Middle East. Accompanied by Ambassador Wadsworth and Senator Edward V. Robertson of Wyoming, he called on President İnönü on December 21. Faud Carim, Secretary-General of the Foreign Ministry, and Admiral Ozdeniz were also present. President İnönü said that a full and frank discussion and a correlation of American and Turkish strategic planning were necessary. Admiral Radford agreed and stated that substantially the same view was held in service circles in Washington. He added that Adm. Richard L. Conolly, Commander in Chief of U.S. Naval Forces in the East Atlantic and Mediterranean, who was to visit Turkey in January and February 1949, would have the carefully considered views of the Joint Chiefs of Staff and would have in mind proceeding to a discussion of the sort proposed by President İnönü. There was also a discussion of the prospective transfer during early 1949 of 33 Italian naval vessels, including one battleship, to the Soviet Union under the terms of the Treaty of Peace with Italy. President İnönü expressed the fear that the transfers would basically upset the naval equilibrium in the Black Sea. Admiral Radford agreed and stated that the new factor would have to be carefully considered in the planning of future American assistance to Turkey.

(Documentation on the disposal of the Italian Fleet in 1948-1949, including materials on the intention of the Turkish Government to prevent the passage of major Italian fleet units through the Straits into the Black Sea for delivery to the Soviet Union, is presented in volume III.)

Ambassador Wadsworth reported on the Royall and Radford visits to Ankara and the conversations with President İnönü in telegrams 896 and 897, December 22, 1948, from Ankara, and in separate memoranda of conversation transmitted to the Department of State as enclosures to despatch 484, December 23, 1948, none printed (867.001/12-2248, 811.3367/12-2248, and 840.20/12-2348).

On December 18 Ambassador Grady, accompanied by Mr. Baxter, met in Washington with Lt. Gen. Albert C. Wedemeyer, Deputy Chief of Staff for Plans and Combat Operations, and Lt. Gen. Wade H. Haislip, Deputy Chief of Staff for Administration, both of the General Staff, U.S. Army, and with other officers. Ambassador Grady indicated that Greece must be prevented from being incorporated into the Soviet orbit, that aid to Greece should continue at about the existing level, and that efforts should be concentrated on building up greater efficiency, leadership, effectiveness, and dynamism among the Greeks themselves. He was prepared in forthcoming preliminary budget hearings to support the request for \$200 million for military aid to Greece during the coming fiscal year, and he thought that at some future date the policy of assigning American army officers as advisers to Greek units in the field should be reexamined. Ambassador Grady further noted that Lieutenant General Van Fleet and Maj. Gen. Ernest E. Down, Commander of the British Military Mission to Greece, did not always agree on specific steps to be taken or advice to be given to the Greek General Staff. The Ambassador was inclined to think that in the circumstances the only logical solution was to put all British missions in Greece directly under General Van Fleet's command. General Wedemeyer commented that American military authorities had not agreed to a British proposal for a large increase in Greek forces. Mr. Baxter's memorandum of the conversation, which took place in General Wedemeyer's office, is in file 868.20/12-1648.

868.20/12-2148 : Telegram

The Chargé in Greece (Rankin) to the Secretary of State

TOP SECRET

ATHENS, December 21, 1948—5 p. m.

2588. While statement of basis US military aid to Greece in Gama 1341, December 6 (not seen by Ambassador prior to departure for

US) seems unexceptional as far as it goes, I feel impelled to emphasize extreme danger of insufficient allowance for psychological or morale factors when appropriations again discussed in Congress.

It seems only common prudence to base ourselves on following assumptions, however, unlikely certain of them may appear at present:

1. Like other peripheral countries Greece would be lost in event of major military attack against it by Russia and satellites.

2. Loss of Greece to Communism in peace time (that is, in absence major military attack) could be expected start chain reaction in which Turkey, Italy, et cetera might come to terms with Russia.

3. Without disparaging accomplishments of UN agencies or suggesting that efforts through such channel should not be further pressed in every possible way, UN as such cannot yet be counted on to provide endangered member such as Greece with most elementary protection from aggression envisaged by Charter.

4. Assurance of continued and adequate military and economic support from US is only remaining factor capable of supporting Greek morale and offsetting fear of Slav-Communist aggression from north; this fear at root of Greek difficulties.

5. Bald statements from authoritative US sources which could lead Greek public to believe American policy had changed since announcement Truman doctrine (in that Greece no longer considered important in US strategic planning) could result in collapse of Greek public morale and victory of Communism here.

Fifth assumption above does not in any way invalidate realistic course suggested last paragraph Amag 1657¹ (sent prior to receipt Gama 1341, December 6) but does point up necessity most careful preparation from public relations standpoint, both in Greece and US, for any shift of emphasis in American reasons for continuing to support Greece.

Whether our limited aim can be achieved of holding line in Greece with amount of aid contemplated obviously depends in large measure on psychological factors. Greek morale has been low since results Grammos operations failed justify optimistic forecasts and has been further depressed by UN failure to show tangible progress toward solving northern frontier problem. Early onset winter has brought discomfort and consequent unrest all sectors Greek people and downright misery and privation to refugees representing 10 percent of population. Crucial point Greek morale traditionally reached into winter and early spring when previous harvest supplies exhausted and

¹ Dated December 7, p. 210.

spring yields unavailable. Any official and public manifestation diminished US interest in Greece during next few critical months might well prove fatal to Greek will to resist Communism.

However disappointing results so far achieved in Greece with American aid it must be remembered that Greeks almost alone of peoples "united with US in resisting Communist expansion" (paragraph B Gama 1341) are confronted with open warfare instigated and continued at Russian behest.

Success of this Communist technique in Greece would render almost inevitable its employment elsewhere. Hence it is of paramount importance that Greeks continue fight till victory achieved.

RANKIN

868.00/12-2948

Memorandum of Conversation, by the Assistant Chief of the Division of Greek, Turkish, and Iranian Affairs (Baxter)

SECRET

[WASHINGTON,] December 29, 1948.

Participants: Mr. Hoyer-Millar, British Embassy
Mr. Satterthwaite, NEA
Mr. Baxter, GTI
Mr. Anschuetz, U/GT

Mr. Millar, who called today at his request, referred to the British Ambassador's recent notification to Mr. Lovett that Mr. Bevin wished to have military and political aspects of the Greek situation thoroughly discussed and explored with high officials of this Government. Instructions from London have now been received by the British Embassy. Mr. Millar said that, frankly, the Embassy is somewhat embarrassed about how to present these instructions. Only a fortnight ago a British military approach to the Joint Chiefs in Washington elicited the firm information that no increase in the scale of military assistance to Greece was under consideration. It would therefore seem futile to go back to the Joint Chiefs again, unless something in the intervening period had changed their opinion. He judged that the views of the Army Department remained the same, for only this morning General Morgan, who was seeing the Joint Chiefs on another matter, casually mentioned Greece to General Collins, who accompanied Secretary Royall on his recent trip to Greece, and was told by him that there was no thought of increasing the size of the Greek Military Establishment. Mr. Millar therefore felt that it would be inadvisable to carry out the military part of London's instructions unless it should happen to be the case that the Department or the Embassy in Athens held views at variance with those of the Joint Chiefs, with

perhaps some intention of recommending that the Joint Chiefs review their position. Mr. Satterthwaite said that all branches of our Government are agreed on the adequacy of the present Greek military program and that only a few days ago Ambassador Grady stated his intention of recommending against any increases, even if General Van Fleet should make such recommendations to the Joint Chiefs. Mr. Millar said his question was answered. London would be told that it would be useless to suggest a greatly expanded Greek Army. However, the Embassy will in all probability wish to bring to the attention of the Department in the near future Mr. Bevin's comments on the political situation in Greece.

Mr. Satterthwaite said that one of today's telegrams from London¹ reported Mr. Bevin's belief that some formula should be worked out to make the Greek Government get down to business and quit political jockeying. He was also inclined to favor the early appointment of General Papagos as Minister of Defense. In his discouragement he had even mentioned the possibility of getting out of Greece entirely, if things did not improve rapidly. Mr. Millar felt certain that this was not Mr. Bevin's considered view. On the contrary, he had instructed the Embassy to urge American approval of greatly increased military aid to Greece.

¹ No. 5381, dated December 28, not printed. The telegram was received December 29.

Editorial Note

The Economic Cooperation Administration, through December 31, 1948, made procurement authorizations of commodities and services totaling \$145,700,000 for Greece and \$1,700,000 for Turkey. (*Third Report to Congress of the Economic Cooperation Administration*, Washington, Government Printing Office, 1949, page 134.)

THE GREEK FRONTIER QUESTION AT THE UNITED NATIONS: THE UNITED STATES INITIATIVE ¹

501.BB Balkan/1-348: Telegram

The Acting Secretary of State to the United States Representative on the United Nations Special Committee on the Balkans (Kirk),² at Salonika

SECRET

WASHINGTON, January 3, 1948—noon.

2. Balcom 63. Dept considers UNSCOB resolution useful as warning and as basis possible future action. (Urtel Combal 50 ³)

Pending further major developments most helpful role of UNSCOB will be compilation authentic and probative evidence re aid furnished Markos ⁴ by foreign sources. Hope committee will make every effort this regard even before arrival full observer personnel and equipment. Personnel and eqpt will be available soon if Army permits USAGG to transfer to UNSCOB matériel already in Greece. You will be advised shortly decision concerning eqpt.

If Albania, Bulgaria or Yugoslavia should recognize Markos junta (Dept seeks to avoid use of word Government) as insurgents, belligerents or government, you should propose or support resolution stating this action directly contrary to General Assembly resolution.⁵ If, in addition to recognition, there is evidence of continuing or increased aid to junta, any UNSCOB finding that such aid constitutes aggression or other Charter violation must involve not only question of fact on basis evidence collected but also careful consideration consequences under Charter. Therefore, in order insure tactical freedom action within UN and to correlate US position in UNSCOB with US policy

¹ Continued from *Foreign Relations*, 1947, vol. v, pp. 816-889.

² Adm. Alan G. Kirk, U.S.N., whose regular position was that of Ambassador to Belgium.

³ This undated communication is identified also as an unnumbered telegram from Salonika, which was received in the Department on December 30, 1947. It gave the text of a Brazilian resolution unanimously voted by UNSCOB, as follows: "The Committee is of the opinion that a recognition, even de facto, of the movement describing itself as the 'provisional democratic Greek Government', followed by direct or indirect aid and assistance to this insurrectionary movement against the government of a member of the United Nations in defiance of international law, peace treaties and the principles of the charter, would constitute a grave threat to the 'maintenance of international peace and security'." (501.BB Balkan/12-3047)

⁴ Markos Vafiades, President and Minister of War in the "First Provisional Democratic Government of Free Greece".

⁵ October 21, 1947; for information on the resolution, numbered 109 (II), see editorial note, *Foreign Relations*, 1947, vol. v, p. 888.

as ultimately developed Dept would like opportunity to study text any resolution concerning recognition plus assistance before final adoption by UNSCOB.

If UNSCOB obtains clear evidence that aid by Alb, Bulg or Yugo is increasing, but not accompanied by recognition, you should propose that full report of facts be made at once to Syg of UN with request he transmit it to member states. In this case Dept would prefer committee refrain from specific recommendations thus permitting flexibility of action to be followed.

Sent Salonika 2 as Balcom 63; rptd to Athens 5, London 15, Belgrade 4, Sofia 3.

LOVETT

868.01/12-3147 : Telegram

The Acting Secretary of State to the Legation in Rumania

SECRET PRIORITY

WASHINGTON, January 3, 1948—noon.

6. Pls take early opportunity informally express Rumanian officials view US Govt recognition or assistance extended self-styled "govt" of Grk guerrillas would be flagrant violation principles UN Charter and flouting intent GA resolution of Oct 21. (Urtel 360, Dec 31 ¹) Fact Rumania not specifically mentioned that resolution does not alter obvious intention GA that she as well as all other nations should refrain from action assist guerrillas. You should provide officials with copies press statement issued here Dec 30 ² as transmitted radio bulletin and resolution UNSCOB adopted Salonika Dec 29 being sent separate telegram.

You may also point out our realization Markos cabinet could have been announced only with approval or active urging Balkan countries with which Rumania has aligned herself in public hostility to Greece and support Grk guerrillas.

Without suggesting any specific action which we might take in case recognition, you should refer consistently firm US position on Grk case in UNSC and UNGA and to Grk Aid Program as evidence that US Govt takes Grk question seriously and is determined to see it through.

Sent Bucharest 6; rptd to Athens 4, Belgrade 3, Sofia 2, London 14, Salonika 1, Balcom 64, Paris 8, Ankara 4, Moscow 8, Rome 11, Praha 8, Warsaw 8, Budapest 4.

LOVETT

¹ Not printed.

² See telegram 2076, December 30, 1947, to London, *Foreign Relations*, 1947, vol. v. p. 477.

501.BB Balkan/1-448: Telegram

The Secretary of State to Admiral Alan G. Kirk, at Salonika

SECRET

WASHINGTON, January 6, 1948—6 p. m.

6. Balcom 71. Refusal Albania, Bulgaria, Yugoslavia to cooperate with UNSCOB long foreseen. (Combal 59¹). However Dept convinced most graphic picture and effective check guerrilla operations can be obtained inside Greece. History SC Commission² proves co-operation northern neighbors serves only to conceal rather than reveal actual facts. Subsidiary Group³ functioning only in Greece, collected important data and provided substantial UN supervision despite lack of cooperation by northern states. In Dept's view authentic UN reporting concerning current developments northern Greece highly important in order to educate world opinion and lay foundation for whatever action subsequently necessary to maintain territorial integrity of Greece.

GA resolution directing UNSCOB to observe compliance UN recommendation and provision authorizing UNSCOB to determine procedure and establish subcommittees clearly anticipated some machinery for effective observation⁴ including collecting evidence and taking testimony (see Howard's memo Nov 20⁵). Dept considers redrafted terms of reference unnecessary for effective operations of UNSCOB under present resolution and perceives no advantage in eliminating provisions concerning frontier agreements and minorities merely because no present opportunity to implement them exists.

Consideration of UNSCOB financial problems outside terms reference Interim Committee⁶ which is authorized to consider only political and security questions and to make recommendations thereon only to GA. For your personal info Interim Committee could conceivably discuss eventual changes in UNSCOB terms of reference, but only for purposes of preparing recommendations to next meeting of GA. Even to be placed on Interim Committee agenda UNSCOB question would require two thirds majority approval. Dept. would consider

¹ Identified also as telegram 8, January 4, 8 p. m., from Salonika; it advised that with Albanian refusal to acknowledge the competence of UNSCOB, only Greece acquiesced in its activities (501.BB Balkan/1-448).

² The Commission of Investigation concerning Greek frontier incidents.

³ Of the Commission of Investigation; for the establishment of the Subsidiary Group, see *Foreign Relations*, 1947, vol. v, p. 837, footnote 2.

⁴ Combal 59 also advised that several UNSCOB members believed the terms of reference in the resolution of October 21, 1947, were becoming obsolete, some questioning the authority of UNSCOB to use observer groups.

⁵ Not printed. Harry N. Howard was Chief of the Near East Branch of the Division of Research for Near East and Africa.

⁶ The Interim Committee of the General Assembly, set up by the General Assembly late in 1947, was in the process of organizing itself at this time.

undesirable any effort to raise any phase of Grk problem before Interim Committee at this time.

In view Sec Gen's second refusal to allocate funds for observation team eqpt and personnel Dept considers loan basis only feasible solution to team organization.

MARSHALL

Editorial Note

The United Nations Special Committee on the Balkans adopted its second interim report on January 10, 1948; for text, see United Nations document A/522, dated January 19, 1948. Excerpts from the report were included in Department of State, *Documents & State Papers*, September 1948, page 375.

501.BB Balkan/2-348 : Telegram

Mr. Gerald A. Drew¹ to the Secretary of State

CONFIDENTIAL

SALONIKA, February 3, 1948—7 p. m.

IMMEDIATE

45. Combal 82. From Drew. The Australian Delegate showed me this morning paraphrase of lengthy cable from his government to British Foreign Office, evidently in response to a communication from London regarding representations of the Greek Ambassador for special session of GA to despatch foreign troops to Greece.

The Australian communication expressed disapproval of the Greek proposal on grounds that presence of any armed forces in Greece might provoke armed reaction from the north which could touch off international conflict. The telegram stated that policy of Australian Government was to seek solution of Greek problem through conciliation of countries directly concerned in present situation. It suggested *inter alia* a program for cessation of support to Markos by northern neighbors in return for Greek agreement on new internationally supervised elections, amnesty, participation of leftist elements in government, reform of labor laws, reduction of armed forces, withdrawal of all foreign military instructors and advisers, and placing of economic aid to Greece under international administration.

The Australian telegram also expressed disapproval of suggestion stated to be under discussion between Washington and London for inclusion of Greek problem on agenda of Interim Committee.

¹ Deputy United States Representative on the United Nations Special Committee on the Balkans.

The Australian delegate said that his government considers the conciliatory mission of UNSCOB to be its most useful function, and that while not opposed to observer teams, their work not considered important. He said that in near future he will propose despatch of subcommittee of UNSCOB to capitals of northern neighbors to hold exploratory conversations regarding Australian program of conciliation. While prepared for further rebuff, he stated that he felt no effort should be spared in direction of conciliatory solution.

[Here follows further comment on the Australian Representative.]
Sent Department as Combal 82 and 45, repeated Brussels.

[DREW]

501.BB Balkan/2-348: Telegram

The Secretary of State to the Embassy in Australia

CONFIDENTIAL

WASHINGTON, February 5, 1948—6 p. m.

33. Salonika tel 45 to Dept¹ being repeated you separately. Although we agree that special session of GA on Greece is not desirable at present moment,² our views on best means solution Greek problem are substantially at variance with Australian thinking set forth ref tel.

Our attitude on specific points made by Australians is:

1. We do not question desirability of attempting conciliation between Greece and her northern neighbors through mechanism of UNSCOB in accord terms GA resolution, but in light of completely hostile attitude repeatedly proclaimed by Albania, Bulgaria and Yugo we think there is only faintest of hopes that attempts at conciliation will bear fruit.

2. We consider that in past six months Greek Govt has done all that could reasonably be asked of it to conciliate disaffected elements in Greece. Present cabinet represents overwhelming majority of parliament. It has declared and maintained for period of two months general amnesty, of which guerrillas took virtually no notice. It refrained up to last possible moment from outlawing Communist Party which was openly endeavoring to overthrow duly constituted Greek Govt. Even under conditions of gravest danger and provocation, it has maintained far greater measure of freedom and democratic processes than any other country in Eastern or Southeastern Europe. Despite occasional false moves, it has made progress toward sound relationship

¹ *Supra*.

² The Department had expressed this point of view to the Greek Ambassador on January 28 (telegram 143, January 29, 5 p. m., to Athens, repeated to Salonika as Balcom 101, 501.BB Balkan/1-2948).

with labor and seems at this moment to be closer to an understanding with democratic Greek labor organizations than at any time in recent past.

In this context, we believe it would be both unjust and unwise to call upon Greece to make concessions such as suggested in ref tel, especially since such concessions would be made in return for mere promises by other states to desist from actions they have never avowed. Present Greek Govt having been chosen in free elections under international supervision less than two years ago, no legal reason exists for calling new elections immediately, and we have no reason believe new elections would result in any substantial change in alignment Greek political forces. Furthermore, as practical matter, existing guerrilla warfare in Greece would make it impossible hold satisfactory elections this time. Amnesty has already been tried and found futile because of refusal Communist leaders permit guerrillas take advantage of it. Only important Leftist element which could be added to present coalition cabinet would be Communists, who are self-declared rebels and whose only purpose in joining Govt would be to subvert it. Insistence on inclusion Communists could have nothing but disheartening effect upon mass of loyal Greek people who have become convinced Communists are merely tools of foreign powers. Progress is being made toward reform of labor laws and in any case problem is not so much legal reform as satisfactory working arrangements among labor groups themselves and between labor groups and Govt.

Reduction of armed forces to scale corresponding to ability Greek Govt finances to support them is certainly to be desired and is one of long-term objectives of American Aid Program.³ However, it seems completely unrealistic suggest such reduction in absence of complete guarantees that all guerrilla warfare will terminate. We see no possibility of obtaining adequate guarantees this character in face of bitter determination manifested by guerrillas themselves and uncompromisingly hostile attitude of Greek northern neighbors who, by all reports, are making preparations increase their assistance to guerrillas and are making repeated public statements encouraging them wage war against legitimate Greek State.

Australian Govt should be well aware that British and American military instructors and advisors in Greece are there to assist Greece defend herself against foreign-inspired and supported attacks. Should those attacks cease, problem of assistance to Greek forces by British and US would disappear but, as in case of suggested reduction Greek armed forces, it is difficult to see how adequate assurance this regard

³ For documentation on this subject, see pp. 1 ff.

can be expected. Furthermore, we are sure presence British and American advisors Greece is not in any way whatever reason for guerrilla activities or hostility toward Greece displayed by northern neighbors. Communist objective is conversion Greece into satellite state and they will pursue this objective all the more vigorously if American and British aid to Greece is terminated. Criticism of presence foreign military advisors Greece is merely tactical maneuver employed by Communists and clearly does not reflect real motivation their subversive policy.

Placing of economic aid to Greece under international administration would involve many practical difficulties, not least of which would be reluctance American Govt and people contribute huge sums of money without any control over their expenditure. It should be unnecessary point out that no other country is in position supply sums required in Greece at present time. Here too, we consider Communist charges of "dollar imperialism" are simply part of Communist propaganda tactics designed discredit US and that our aid is not reason for Communist support of guerrillas or hostility to Greek Govt.

3. We are not suggesting that Greek problem be placed on agenda of Interim Committee.

4. We definitely desire that UNSCOB exhaust all reasonable possibilities fulfilling its conciliatory mission although as already stated we consider prospect of success remote. On other hand, we believe observation and investigation of current developments along Greek northern frontier is vitally important function of committee. UN member Govts and world public must have accurate, authoritative and impartial information on what is happening, and UNSCOB is only agency which can conceivably provide this.

Pls discuss with Evatt,⁴ leaving *aide-mémoire* giving substance of foregoing. Explain we are anxious make clear seriousness with which we view situation and want avoid misunderstandings which might handicap smooth functioning of Committee in Salonika. You may of course omit or modify any specific statements or references which you think might have adverse effect. Our hope is Australian Govt will modify position it seems to have taken in communication sent British FonOff and will instruct its rep Salonika accordingly. Report reaction.

London pls in your discretion communicate substance foregoing to FonOff.

Sent Canberra 33 and London 378 for action; rptd Salonika 39 for Balcom 106 and Brussels 179 for Kirk for info.

MARSHALL

⁴Herbert V. Evatt, Australian Minister of State for External Affairs.

501.BB Balkan/2-548: Telegram

The Secretary of State to Admiral Alan G. Kirk, at Salonika

SECRET

WASHINGTON, February 5, 1948—8 p. m.

40. Balcom 107. Examination verbatim records UNSCOB discussion terms of reference for observer groups seems to indicate general unanimity that groups should be eyes and ears of UNSCOB (re Combal 81¹). Principal issue seems to be whether observer group authority is derived under paragraph 5(1) or from paragraph 4.² In Dept's view, since GA has only the power of recommendation, paragraph 4, calling upon A, B and Y to do nothing which could furnish aid to the guerrillas, is in effect a recommendation and therefore within the scope of UNSCOB to observe compliance. Herschel Johnson's statement Oct 20³ to GA plenary session clearly interprets US resolution and reveals investigatory powers which authors considered to be inherent in it. Any statement by UNSCOB that par 4 does not concern UNSCOB would be unacceptable to US and damaging to UNSCOB prestige. Dept considers that GA resolution could not be substantially strengthened in GA under present circumstances and that any attempt to do so without new evidence of strong probative value would be unfortunate.

However, Dept also considers that any aid to guerrillas would be violation of recommendation 5(1) and therefore would properly be subject of investigation by observer group. Dept believes terms of reference for observer groups, even though avoiding reference to par 4 and referring specifically to par 5(1), can be drafted in terms adequately wide to cover any situation arising under par 4. Dept assumes discussion of terms of reference will not delay dispatch to field of remaining observer groups. Since purpose of UNSCOB is to observe developments in a situation likely to endanger world peace, it would be dangerous for UNSCOB to act timidly in construing its own responsibilities and authority in connection with steps which would serve either to discourage or reveal aggressive acts. Dept prepared to make representations to other governments participating UNSCOB at your

¹ Identified also as telegram 44, February 2, 11 p. m., from Salonika; it advised of a vote by the representatives of Australia, Brazil, China, Mexico, and Pakistan in favor of a Pakistani proposal to defer reference of complaints of frontier violations to observer groups until agreement was reached on their terms of reference. Mr. Drew expressed his fear that "this may be further move to emasculate effectiveness of observer groups by denying them investigatory function." (501.BB Balkan/2-248)

² Of the resolution of October 21, 1947.

³ United Nations, *Official Records of the General Assembly, Second Session, Plenary Meetings*, p. 401. Mr. Johnson was Acting United States Representative at the United Nations.

recommendation in the event attitude their representatives continues unsatisfactory.

It is our view that continued efforts must also be exerted to make conciliatory function of UNSCOB effective. Such conciliation must be based, however, upon an honest approach to existing differences between respective nations and not upon a spurious unrealistic program such as Australia's (Combal 82⁴) which is in part quite similar to solution sought by USSR in GA. Dept has noted Albanian and Bulgarian protests transmitted for info by Secretary General to UNSCOB and recommends that all such incidents be exploited by direct communications from UNSCOB to Sofia, Tirana, etc., emphasizing UNSCOB willingness to investigate these charges and attempt a solution. These communications should be reported simultaneously to the Secretary General and to press and can ultimately be repeated over the Voice of America. Dept is convinced that UNSCOB must persist in its conciliatory function and through development and submission of concrete proposals on the question of frontier conventions, refugees, etc., make increasingly difficult continued refusal northern neighbors to consider these matters. If these proposals were advanced to the northern neighbors with maximum publicity in press and radio, the *bona fides* of UNSCOB would be unmistakably demonstrated to the world and at the same time made a part of UN records in event the Greek question again considered by GA or SC. Although present situation discouraging, we hope by continuing series of widely publicized conciliatory proposals to make possible future graceful change of position by northern neighbors in the event they choose to alter their attitude toward Greece and UNSCOB.

Dept aware morale certain UNSCOB delegates critical problem to leadership of US del. If UNSCOB can be persuaded seriously to concern itself with research in intricate problems existing between Greece and her neighbors these delegates might realize that they could accomplish much which would be prerequisite to any serious conversation with northern neighbors should they ever be so inclined.

Dept gratified that Kirk's conversations (Brussels' 230, Feb 3⁵) have revealed an attitude on part of qualified observers in Western Europe which conforms generally with that of Dept.

Sent Salonika repeated Athens as 182, London as 391, Paris as 379, Brussels for Kirk as 181, Canberra as 34.

MARSHALL

⁴ Identified also as telegram 45, February 3, from Salonika, p. 225.

⁵ Not printed.

501.BB Balkan/2-948 : Telegram

The Secretary of State to Admiral Alan G. Kirk, at Salonika

SECRET US URGENT

WASHINGTON, February 9, 1948—8 p. m.

41. Balcom 108. Following statement Dept's views Australian resolution (Combal 84¹) :

(a) Department approves general theory of a communication to four governments involved in attempt to implement conciliatory functions of UNSCOB.

(b) Department strongly prefers UNSCOB to proceed along lines of conciliation by advancing some type of concrete proposal with regard to resumption diplomatic relations, revision frontier conventions etc. (Balcom 107²), rather than general unspecific invitation offering satellites opportunity to repeat well worn Slav propaganda thesis concerning Greek Government. In this connection, UNSCOB might perhaps take cognizance of recent protests of Albania and Bulgaria which have been referred for information by the Secretary General and point out UNSCOB's mission to assist those nations in resolving their difficulties.

(c) In event UNSCOB sentiment for immediate general approach in nature of Australian proposal is irresistible, Department approves US support for resolution but recommends language be amended to eliminate any gratuitous invitation to reiterate propaganda (i.e. "conditions considered necessary for the creation of harmonious relations"). While communication should stress the conciliatory function of UNSCOB and its invitation to discuss the creation of harmonious relations between respective nations, it would seem unnecessary and undesirable to state affirmatively that this suggestion is "not prompted by any desire of investigation", which would seem to proffer tacit apology for investigatory functions UNSCOB.

Department suggests that direct transmission to governments involved would prove more effective than communication via the Secretary General and thus northern neighbors might be induced to make direct answer to UNSCOB, thereby establishing some basis for possible development working relationship between UNSCOB and those governments. Such procedure would demonstrate UNSCOB's authority to communicate directly with governments involved.

¹ Identified also as telegram 48, February 7, 9 p. m., from Salonika ; it reported that earlier the same day, the Australian Representative had introduced a proposal to the political subcommittee of UNSCOB requesting the Secretary General of the United Nations to address a communication to the four governments concerned, inviting their attention to paragraph five, subparagraph 1 of the resolution. The proposal was premised on the belief that "establishment of normal diplomatic and good neighborly relation[s] between the governments concerned is the key to the problem" (501.BB Balkan/2-748).

² *Supra.*

Department aware conviction certain UNSCOB delegates that conciliation is only authorized function of UNSCOB may make necessary a communication in general nature of Australian resolution. Dept assumes majority UNSCOB delegates aware of inherent danger of proceeding without concrete proposals. Department considers that subject to reservations noted above, US should strongly support any conciliatory move in order to allay apprehension concerning US motives on the part of certain delegates and hopes any proposal ultimately developed will receive unanimous support, discouraging any capricious attempts to exploit differences of opinion among members. Department does not share reported apprehension of certain delegates (Combal 84) that northern neighbors might take public stand from which they would be unable to withdraw; in Dept's view present stand northern neighbors could hardly be more intransigent and any device which might provoke northern neighbors into a discussion of issues would represent an advance which might ultimately lead to some degree of real cooperation.

MARSHALL

501.BB Balkan/2-2548: Telegram

Admiral Alan G. Kirk to the Secretary of State

CONFIDENTIAL

SALONIKA, February 25, 1948—3 p. m.

US URGENT

75. Combal 96 from Kirk. With the adoption on February 17 of the revised instructions to observers (Combal 88¹) I feel that UNSCOB has now emerged from its formative phase and entered into a more stabilized stage of its work. While I would hesitate to say that internally we are out of the woods, I feel it would be well to pause to contemplate some of the stresses and strains which have beset the committee and, insofar as possible, to examine its future in the light of the attitude and policies of the various members and their governments as we now know them.

1. The first major issue was the decision to maintain the committee permanently in session in Salonika. There was considerable support during the first few weeks for a move to establish the committee elsewhere. This desire on the part of a number of members, arising from the physical discomforts of hotel life here and the feeling of remoteness from the scene of world events, conditioned their thinking on many issues. It probably had a lot to do with the earlier move to recommend a special session of the General Assembly. This sentiment has

¹ Identified also as telegram 63, February 14, 10 p. m., from Salonika, not printed.

now largely subsided. Paradoxically enough the recent shelling of Salonika had prompted several delegates to state that we cannot leave now as it would look like running away from danger. While this trend has subsided it lurks beneath the surface and is probably partially responsible for an undercurrent now developing to start preparation of the final report as early as next April, transferring the committee to one of the more comfortable capitals such as Rome. Some members have mentioned allotting a period of some two months to the task followed by a recess of another two months prior to the G.A. meeting in September. Discussion on this subject is increasingly lively and while still informal may come to a head at any time.

2. One of the most dangerous moves yet encountered was the agitation for a special session of the General Assembly. This reached its height with the announcement of the "Markos government" and threatened for some time to reach serious proportions. It has receded to the background as time goes on but there is always the danger that any more involving even attenuated *de jure* or *de facto* recognition of Markos by one or more Balkan states might stampede the committee into making such a recommendation. As the Department will recall, this move was actively fostered at one stage by the Greek Government through its liaison delegation and was agitated by the Greek press. I hope the Greeks have now seen the light and realize that a move to call the General Assembly on frivolous grounds is more to be feared than desired in their own best interests. In the event developments evoke discussion of this issue, I shall, of course, bear in mind the Department's position as set forth in Balcom 101, January 29.²

3. The conciliatory role of the committee recently pointed up by the Australian proposal to make a new approach to the northern neighbors (see Combals 84 and 87³) hardly can be described as controversial in that it was supported in principle by all delegates even though certain members had serious misgivings as to the timeliness and possible outcome of such a move. The Australian delegate, however, has placed himself on record as intending to propose further conciliatory efforts presumably under paragraph five of the resolution of October 21. He may also have in mind some of the Australian ideas outlined in Combals 82.⁴ It is just possible that he might agitate these ideas before the committee anticipating rejection but building up a record for an eventual minority report. If confronted with such moves, I am reasonably confident, however, that the committee would proceed with all circumspection. It is not being overlooked that those delegates who

² Not printed; but see footnote 2, p. 226.

³ Identified also as telegrams 48, February 7, 9 p. m., from Salonika and 60, February 13, 6 p. m., from Salonika, respectively; neither printed.

⁴ Dated February 3, p. 225.

support the strict constructive [*construction?*] of our terms of reference would have as much trouble finding a specific mandate for conciliation as they have pretended to find for the investigatory function of observer groups.

4. Concerning effective functioning of observation groups, active opposition now appear largely confined to Australia. At February 17 meeting (Combal 90⁵) he repeated a statement previously made that he regards observation groups as a "provocation" toward northern neighbors and I consider it probable that he will continue obstruction by sniping tactics whenever possible.

I believe a majority of the delegates feel that any further concessions to Glasheen⁶ would be futile and I shall if necessary, propose and support a policy of meeting his attacks head on and voting him down consistently in subcommittee or plenary sessions. I am reasonably confident that he will find little or no support except occasionally from Brazil and Pakistan. Any other policy would enable him to narrow scope of activity of observation groups to a point where they would be impotent. I hesitate to appear overpessimistic with regard to Glasheen but several other delegates and Greek officials already regard him as the most serious threat to our work. He claims to be acting under instructions, which is apparently supported by Canberra's 37 of February 18.⁷ He appears to delight in the role of the "enfant terrible" and conceives of himself as the spark plug of, not the inspired leader of, the committee.

I am considerably more sanguine about the recent indications that the Brazilian representative has had a change of heart. At one point he thought that he had the support of four additional representatives in his position of calling the Assembly and toward the work of the observers. There are some indications that the majority vote of six to two reported in Combal 88 on the appointment of an *ad hoc* committee to investigate the shelling of Salonika made him realize that he was actually in a minority and there are now indications that he will change his tactics and go along with the majority.

[Here follow five paragraphs on the attitudes of the various representatives.]

The foregoing is intended to assist the Department to visualize the situation of UNSCOB as I now see it but is in no sense intended as a firm forecast of a future which will obviously be shaped far from Salonika.

[KIRK]

⁵ Identified also as telegram 66, February 18, 4 p. m., from Salonika, not printed.

⁶ Terence G. Glasheen, Acting Australian Representative on UNSCOB.

⁷ Not printed.

501.BB Balkan/3-948

*Memorandum by the Director of the Office of Near Eastern and African Affairs (Henderson) to the Director of the Office of United Nations Affairs (Rusk)*¹

CONFIDENTIAL

[WASHINGTON,] March 9, 1948.

Although it was recognized, when the GA established a Special Committee in connection with the Greek case, that the Soviet Union and its Balkan satellites would probably not cooperate with it, was hoped that the presence of this Committee in Greece might accomplish one or more of three purposes:

- (1) Make flagrant assistance across the borders more difficult;
- (2) Convince the northern neighbors of Greece that their policy was unprofitable, and permit a gradual change in their attitude;
- (3) Lay a basis for any further UN action by providing the necessary evidence.

With the steady worsening of conditions under which the committee has been working, it becomes evident that some action should be taken to make this group an effective instrument for ameliorating a situation in the Balkans which threatens international peace. It is requested, therefore, that you give urgent consideration to the alternatives outlined in the attached memorandum and forward to NEA your comments and recommendations, as well as any other suggestions which may occur to you.

[Annex]

FUTURE PLANS FOR UNITED NATIONS SPECIAL COMMITTEE ON THE BALKANS²

The Greek Government affirms, and it is generally accepted by this Government, that aid to the Greek guerrillas is continuing on an increased scale in the face of General Assembly recommendations to Albania, Bulgaria, and Yugoslavia to furnish no assistance to these guerrillas. Despite official protestations by Greece's northern neighbors that no aid is being sent across the frontiers, officially sponsored organizations in all of these countries, as well as in Hungary, Rumania, Poland, and Czechoslovakia, are publicly conducting campaigns to collect money and material assistance for Markos' fighters. Captured

¹ Addressed also to Walworth Barbour, Chief of the Division of Southern European Affairs, George C. McGhee, Coordinator for Aid to Greece and Turkey, and Henry S. Villard, Member of the Policy Planning Staff.

² Drafted by the Assistant Chief of the Division of Greek, Turkish and Iranian Affairs (Baxter) on March 8.

weapons and ammunition strongly support the contention that such matériel is being introduced into Greece from the north. An UNSCOB report on fighting at Konitsa flatly states that logistic support from Albania was furnished to the guerrillas during that engagement.

Most of the UNSCOB delegations are already firmly convinced that outside aid to the guerrillas is an established fact and that U.S. insistence on further observation is both unnecessary and a subterfuge to mark time instead of taking action required by the situation. However, it is our opinion that UNSCOB has not yet produced a sufficient body of substantiated proof of Albanian, Bulgarian and Yugoslav complicity to constitute a basis for new action in the UN or for any other steps directed at Greece's northern neighbors. Although five small UNSCOB observation teams have been activated, they are stationed so far away from the frontier and the actual routes through which assistance flows that they have not yet been able to collect the necessary evidence, and may never be able to do so. The Greek Government has recently made a suggestion that observer headquarters should be established at thirteen points along the frontiers, with smaller subsidiary teams attached to each headquarters, in order that first-hand information can be collected concerning violations. It is obviously the Greek hope that the presence of such "observers" would discourage flagrant violations, and that such a force would in actual fact become an international or American border patrol.

The desirability for UNSCOB to establish an elaborate network of observation teams cannot be seriously questioned if it is to report on the compliance by Albania, Bulgaria, and Yugoslavia to the specific recommendation concerned with extending aid to the Markos group. However, the question is immediately raised as to the ability of UNSCOB to send its personnel into areas under guerrilla control. A document recently found on a captured guerrilla and alleged to be an authentic order of the Markos high command instructs all guerrillas to seize UNSCOB personnel as prisoners of war and not to discontinue their attacks on the "Monarchists" when UNSCOB personnel is present.³

It would appear that Albania, Bulgaria, and Yugoslavia have gone far toward rendering completely ineffectual an organ of the UN, thereby discrediting the Charter, which is a foundation of U.S. foreign policy. We must decide, and decide quickly, whether we are determined to make UNSCOB successful in protecting the independence of a member of the UN.

³ This document had been handed to Mr. Baxter by Paul Economou-Gouras, Counselor of the Greek Embassy, on March 4 (501.BB Balkan/3-448).

The following are alternatives to be examined at this time :

(1) Admit that UNSCOB is unable to perform its functions and that it should therefore be withdrawn ;

(2) Send unarmed UNSCOB observers to the necessary points on the frontier to test the intentions of the guerrillas or of the northern neighbors, with the hope that these observers will be accorded safe conduct as representatives of a neutral international body ;

(3) Request the Greek Government to furnish armed guards for UNSCOB observers ;

(4) Enlarge the observer groups to include armed guards from the Nations who have furnished observer personnel ;

(5) Despatch to Greece, as guards for UNSCOB observers, armed contingents from various members of the UN, such contingents to be requested either by UNSCOB or by the Greek Government, which would presumably base its request on the fact that it is unable to guarantee the safety of members of an international group established within its territory by the UN.

Preliminary observations on the foregoing numbered possibilities, formulated without reference to other interested offices, are as follows :

(1) It appears unthinkable that UNSCOB should be withdrawn and the UN discredited until all possible measures to ensure its success have been exhausted.

(2) Recent reports from our representatives in the area make it appear inadvisable to make any plans based on the belief that observers can operate with safety in forward areas. We should not take the responsibility for sending observers into certain danger.

(3) It is probable that the Greek Government would not agree to furnish Greek armed guards, basing its refusal on the assumption that they could not assure adequate protection. In this connection, it is doubtless true that armed Greeks would draw fire rather than forestall attack, as the guerrillas claim to be in a state of war with Greek Government forces and would therefore insist that Greek armed guards are enemies or at least intelligence agents reporting to the Greek Government.

(4) It would at first glance seem possible for nations whose citizens are exposed to the dangers of observation in guerrilla territory to furnish protection to these citizens without opening the question of an international police force. However, the legal aspects of such procedure need to be explored both from the point of view of the UN and of domestic U.S. legislation.

(5) Armed contingents furnished by various UN nations at Greek request would inevitably involve Article 51 of the Charter or might open up the whole question of whether a UN armed force would have to be created before such contingents could be despatched to Greece.

501.BB Balkan/3-1248: Telegram

The Secretary of State to Admiral Alan G. Kirk, at Salonika

SECRET US URGENT

WASHINGTON, March 12, 1948—3 p. m.

65. Balcom 118 for Kirk. Following prompted by excellent summary UNSCOB accomplishments set forth Combal 96.¹

We are encouraged that UNSCOB now oriented on fundamentally realistic basis. We feel UNSCOB now organizationally prepared advance on two fronts: (a) develop real bases of conciliation (b) report factual realities of situation.

During next six or eight months either Grks will crush backbone guerrilla resistance forcing northern neighbors abandon Markos and possibly accommodate themselves to UNSCOB and Grk Govt or, failing this, economic deterioration in Greece will be accelerated and northern neighbors encouraged to increase assistance to Markos.

We have noted Belgrade's 31 Mar 5 to BalCom² and estimate US MA Belgrade (MA tel 50 Feb 24) that offensive launched southeast from Albania quite possible about mid-March or later. In event greatly increased aid to guerrillas whole question adequacy our endeavors through UN and otherwise to save Greece must be examined. In proportion to personnel and expense involved and as evidence our confidence in UN we believe UNSCOB potentially our most effective weapon in protecting Greece. If increased foreign assistance is extended to guerrillas we intend it shall be in full light of UN observation so that nature fighting in northern Greece cannot be misinterpreted or misrepresented. We would appreciate your comment regarding some of ideas set forth below which we are considering for enhancing UNSCOB authority.

[Here follow sections concerning personnel of the United States Delegation, the operation of the observer teams, conciliatory proposals, publicity and preparation of the UNSCOB report.]

MARSHALL

¹ Dated February 25, p. 232.

² Sent to the Department as Belgrade's 271, not printed.

501.BB Balkan/3-3148: Telegram

The Acting Secretary of State to Mr. Gerald A. Drew, at Salonika

CONFIDENTIAL

WASHINGTON, March 31, 1948—6 p. m.

83. Balcom 130 for Drew. For your info request has been made to Secy Natl Defense¹ for personnel and eqpt to implement four addi-

¹ On March 29.

tional observer teams (re Combal 111²). In event satisfactory reply you will be instructed raise subject in UNSCOB and Dept will approach UNSCOB govts directly.

Unfortunate UNSCOB decision re preparation report (Combal 125³) source of keen disappointment, but Dept reluctant create resentment by making direct approach UNSCOB govts this subject. However, if no UN funds available to finance proposed shift Drafting Committee and staff to Geneva or in event serious intervening developments UNSCOB might have opportunity re-examine this decision. Care should be exercised that financial requirements for drafting report in Geneva will not adversely affect proper Secretariat facilities for contemplated additional observer teams.

Sobolev's⁴ June 25th date for completion of report seems excessively early and also an unwarranted interference with UNSCOB authority. Presumably, by decision to send committee to Geneva about May 1, UNSCOB accepted this schedule. Dept perceives certain tactical advantages from an early report on premise such report contains irrefutable evidence foreign assistance to guerrillas and would condition world opinion for later forceful GA action. Proper sequel to strong, early annual report would seem to be another interim report issued immediately before convocation GA confirming conclusions of annual report.

Please indicate your plans for US representation on Drafting Committee. We hope principal delegates can be persuaded remain Salonika where UNSCOB decisions will be taken, but recognize decision to go to Geneva merely represents effort certain delegates to escape from Salonika. Essential you remain Salonika at least until Kirk's successor named and present on scene. Dept considering sending Harry Howard to spend several weeks Salonika and then proceed Geneva with Drafting Committee. Additional personnel might be made available if you consider US staff either in Salonika or Geneva will require strengthening during this period.

LOVETT

² Identified also as telegram 107, March 15, 11 a. m., from Salonika; Admiral Kirk stated: "Incidents to date in our opinion show continued assistance in form of material aid to guerrillas and continued provision of sanctuary for retreating bandits open and flagrantly granted." The Ambassador opined that "4 more complete teams could be used effectively and would have deterrent effect particularly in the Grammos and western Macedonian areas." (501.BB Balkan/3-1548)

³ Identified also as telegram 126, March 27, 6 p. m., from Salonika; it reported defeat the same day of a United States resolution providing for appointment of an *ad hoc* committee to consider whether the report should be written outside of Greece. It advised also that UNSCOB thereupon approved a resolution by Brazil, China, and Mexico, proposing that the drafting of the report begin in or near Geneva on May 1 (501.BB Balkan/3-2748). The Department later informed Mr. Drew of its strong disapproval of "any attempt to remove center gravity UNSCOB authority from Salonika to Geneva." (telegram 133, May 20, 6 p. m., to Salonika, identified also as Balcom 167, 501.BB Balkan/5-2048)

⁴ Acting Secretary-General of the United Nations Arkady Alexandrovitch Sobolev.

501.BB Balkan/3-3148: Telegram

The Acting Secretary of State to Mr. Gerald A. Drew, at Salonika

RESTRICTED

WASHINGTON, April 2, 1948—6 p. m.

86. Balcom 131 for Drew. Dept strongly approves efforts obtain continued UNSCOB action with regard Albanian protests Secy-Gen (re Combal 127).¹ Greek Embassy has been approached along lines requested.

We feel March 17th Albanian communication to Secy-Gen provides occasion for sharp UNSCOB rebuke direct Albanian Govt pointing out manifest Albanian insincerity and reviewing record UNSCOB conciliatory efforts and Albanian intransigence. UNSCOB statement might include an allusion Albanian candidacy for UN membership and inconsistency between Albanian attitude toward UNSCOB and cooperative attitude implicit in the Charter.

Dept keenly concerned over reports military activity Albania and recommends UNSCOB include statement in above communication, for whatever deterrent effect it may have, along following lines: UNSCOB gravely concerned over reports of alleged military activity in Albania in preparation for large-scale support to Greek guerrillas. UNSCOB sincerely hopes these reports are groundless for, if true, UNSCOB would be compelled to direct the urgent attention of UN to serious consequences of such developments.

We suggest such communication be transmitted both directly and through Secy-Gen and given widest publicity.

Sent Salonika 86 for Balcom 131; repeated to Belgrade 148, London 1146, Paris 1074, Moscow 364.

LOVETT

¹ Identified also as telegram 131, March 31, 4 p. m., from Salonika; the Albanian protests dealt with "Greek provocations" and were intended for the information of the Secretary-General and the public (501.BB Balkan/3-3148).

501.BB Balkan/4-548: Telegram

The Acting Secretary of State to Mr. Gerald A. Drew, at Salonika

CONFIDENTIAL

WASHINGTON, April 7, 1948—6 p. m.

92. Balcom 138. Although special GA re Palestine might seem in some quarters offer opportunity seek GA strengthening revision UNSCOB terms of reference (Combal 135, Apr 5¹), Dept opposed any

¹ Identified also as telegram 140 from Salonika; it advised that convocation of the special session of the General Assembly on Palestine had revived latent sentiment favoring referral of UNSCOB's problems to the General Assembly. Mr. Drew recommended that the Department consider possible advantages in the adoption of a resolution clarifying and broadening UNSCOB's terms of reference. (501.BB Balkan/4-548)

such move unless Greek situation should suddenly take marked turn for worse. Dept generally opposed addition to agenda coming special session of clearly substantive items other than Palestine problem unless of sufficient gravity to necessitate immediate GA consideration.

Although fully conscious difficulties UNSCOB terms of reference especially as they affect development fullest capacity observer groups, Dept does not feel this question approaches status sufficient gravity to justify introduction at special session. Dept also convinced impossible raise narrow phase Greek question at special GA for limited purposes without provoking full dress debate on entire question which Dept considers undesirable at this time. You should therefore actively discourage any efforts of UNSCOB delegates to bring UNSCOB problems before GA at present.

In recognition real difficulties you describe, but believing they can and should be met to considerable extent under aegis existing GA resolution, Dept prepared make direct diplomatic approach to govts Australia, Pakistan and others represented on UNSCOB with which you feel such missionary work needed. Our thought would be to give major emphasis to need relaxing undue distinction between observation and investigation and to authorizing fuller utilization of testimony of witnesses in findings reported by observer groups to UNSCOB. Dept would appreciate your comments and suggestions re diplomatic approaches referred to above both as to govts with which such action would be helpful and as to particular points to stress with each.

Dept is giving active consideration to problems you raise in numbered points 2-5 para 4 (Combal 135) both in connection with present scope of UNSCOB activity and with preparation for regular session GA in Sept.

LOVEITT

501.BB Balkan/4-848: Circular telegram

*The Acting Secretary of State to Certain Diplomatic Offices*¹

CONFIDENTIAL

WASHINGTON, April 8, 1948—11 a. m.

Dept urgently examining measures to increase effectiveness UNSCOB (UN Special Committee on the Balkans) which we consider potentially most effective instrument for preserving territorial integrity of Greece. We consider next six or eight months highly

¹ At London, Paris, Rio de Janeiro, Mexico City, Karachi, The Hague and Nanking, for action. It was repeated also to Salonika as Balcom 140, for information.

important in determining length to which USSR and satellites prepared to go to bring Greece within Soviet orbit.

Dept gravely concerned by reports indicating foreign assistance to Greek guerrillas likely to increase. USDel UNSCOB reports four additional observer teams similar those described Depcirtel Oct 30, 1947² could be effectively employed. Dept instructing USDel raise urgently with UNSCOB question increase in number of teams.³

Pls inform FonOff of US determination to persist in efforts provide Greece adequate protection through UNSCOB and UN. In this connection we consider it imperative UNSCOB observe closely actual manner of compliance (or lack of compliance) with recommendations of GA resolution Oct 21, 1947 for, in event further deterioration situation northern Greece, any new remedies available to UN must be adapted to facts reported by UNSCOB. Pls request strong support FonOff and its UNSCOB representative for increase in number of teams and state we consider it essential each nation provide additional observers to staff new teams. In this connection Dept particularly eager for participation by Netherlands which has not provided any observers.

For your info US prepared lend UNSCOB necessary eqpt implement additional teams on same basis as US eqpt presently on loan to UNSCOB. Therefore no expense involved to UNSCOB nations except cost providing and maintaining observer personnel.

Rpt replies to Salonika for BalCom.

LOVETT

² Not printed.

³ The Department, on April 7, advised Mr. Drew, at Salonika, of receipt of a favorable reply from the Department of Defense regarding personnel and equipment for four additional observer teams and authorized him to raise with UNSCOB the subject of four additional teams, to be equipped on the same loan basis as the present teams (telegram 89 to Salonika, identified also as Balcom 135, 501.BB Balkan/4-748).

In a letter of May 27 to Secretary Forrestal, Acting Secretary Lovett stated: "On May 19 we received word from Salonika that UNSCOB had formally approved a plan to increase the activities of the observer groups." (501.BB Balkan/5-2748)

Editorial Note

At a meeting of UNSCOB on April 10, Mexico submitted a resolution requesting the special session of the General Assembly to add supplementary items clarifying UNSCOB's terms of reference. Mr. Drew reported: "I spoke first to effect that US delegate had consistently maintained that committee itself had all necessary authority to give broad interpretation to its terms of reference and request to General Assembly unnecessary. Also made it plain that Department opposed

on grounds that it would be impossible to exclude basic Greek problem from debate. I further pointed out that in my opinion we would be offering a forum to those countries supporting Greek rebels to attack UNSCOB and the recognized government of Greece." The Mexican resolution was defeated the same afternoon, Brazil, Mexico, and Pakistan supporting the resolution. China abstained and the remaining countries opposed it. (Telegram 155, April 10, 7 p. m., from Salonika, identified also as Combal 143, 501.BB Balkan/4-1048.)

501.BB Balkan/4-1748: Telegram

Mr. Gerald A. Drew to the Secretary of State

RESTRICTED

SALONIKA, April 17, 1948—11 a. m.

162. Combal 148 from Drew. The rejection of the proposal to request the current special session of the GA to clarify UNSCOB terms of reference and certain statements made by various delegates during the discussion, in particular the remarks of this delegation, have touched off a reaction within the committee which gives promise of leading to a constructive reinterpretation of its terms of reference and revision of instructions to observers.

The delegates of Brazil and Mexico, who were leaders of move to refer problem to Assembly have now taken initiative in proposal to accede to USDel declaration at the meeting on April 10 to effect that committee itself had right to interpret its own terms of reference. I believe several delegates, particularly Brazil, are increasingly concerned with the untenable position in which they have placed themselves through their adherence to the "strict construction" school of thought and that they realize that their own governments would not support them in a minority position opposed to that of the US, UK and France when the annual report of the committee is submitted to the next regular session of the GA. Furthermore, I sense a growing restlessness with their uneasy alliance with the Australian delegation whose obstructive attitude is interpreted in some quarters as reflecting underlying sympathy with the Communists.

In informal conversations with me, Da Cunha¹ claims to have obtained the support of Mexico and Pakistan for liberal reinterpretation of article 6(1), with a view to embracing article 4 and 5 within its purview, on condition that USDel and other delegations sharing our general views agree to use the same yardstick in liberal interpretation of article 10 [9?] regarding location of the committee. In other words, he and his supporters would reverse their present position in return

¹ Vasco T. L. da Cunha, Brazilian Representative on UNSCOB.

for our recognition of the committee's right to decide whether or not to go to Athens. I have given Da Cunha my firm assurance that I recognized committee's right to decide whether to have temporary or additional seat elsewhere in Greece than Salonika in accordance with USDel's views expressed at first meeting held in Paris November 21, 1947. However, I have made it abundantly clear to him that I reserve the right to oppose any move to set up a rear echelon in Athens.

At plenary session April 15 Mexican and Brazilian representatives introduced resolution to refer article 6(1) of resolution of October 21 to subcommittee one for reexamination; article 6(2) and 10[9?] to subcommittee two. I took opportunity to restate USDel position regarding committee's inherent right to interpret its own terms of reference. UK delegation also spoke in support. Resolution was adopted without record vote. There was no discussion of move to Athens.

At subcommittee one meeting April 16 in implementation of Brazilian resolution it was decided that USDel would submit working paper and draft of any necessary resolutions or amendments to existing resolutions looking to objective described. If and when approved by UNSCOB the present instructions to observer groups would be revised in the light of new interpretation.

If the plan described is successful, it should put an end to the present futile hair-splitting within the committee and should greatly shorten and facilitate the drafting of a satisfactory annual report. I am hopeful that it will enable observers to broaden the scope of their activity to include hearing of witnesses, reporting on matters of general knowledge and eliminate the insistence on "direct observation" as opposed to "investigation". It should also make possible worthwhile utilization of contemplated additional observer teams.

[Here follow remaining two paragraphs of telegram which deal with the proposed move of UNSCOB to Athens.]

[DREW]

Editorial Note

A draft resolution by the United States, with minor language changes, was adopted by an *ad hoc* committee of UNSCOB on April 22. It provided "that in interpreting its functions under Paragraph Six (1), UNSCOB 'must be governed by the whole of the resolution' of October 21 and 'may make use of every means which it may judge appropriate and useful, whether direct observation, inquiry, or investigation either directly or through subcommittees or observers.'" It also provided that instructions to the observer groups be revised in the

light of the foregoing (telegram 175, April 23, 6 p. m., from Salonika, identified also as Combal 158, 501.BB Balkan/4-2348).

UNSCOB adopted the resolution on April 24, by a vote of 8-0, with Australia abstaining (telegram 177, April 24, 2 p. m., from Salonika, identified also as Combal 159, 501.BB Balkan/4-2448).

501.BB Balkan/5-1348: Telegram

The Secretary of State to Mr. Gerald A. Drew, at Salonika

SECRET US URGENT

WASHINGTON, May 13, 1948—6 p. m.

122. Balcom 159 for Drew. Preliminary Dept thinking regarding UNSCOB report inclines to view report should contain strong conclusions based on thoroughly documented statement of facts, but no substantive recommendations should be included in this report as they would necessarily be tentative. Moral and political remedies under Charter have so far been unavailing. In event Grk military efforts or encouraging developments in international situation do not result in improvement border situation GA will be faced with problem of devising more adequate measures. At this moment, however, it would be unwise to commit US to drastic action which ultimately may be required in Oct.¹ In our view conclusions could be framed so that desirable recommendations would flow naturally from conclusions, but would not commit UNSCOB nations to formal recommendations based on present estimate situation.

Following are examples type conclusions which might be included in report:

1) Albanian, Bulgarian and Yugoslav assistance to guerrillas continues in disregard GA recommendations. On basis evidence before it (evidence collected by teams, official attitude northern neighbors toward UNSCOB, quasi-official nature Aid to Free Greece Committees, etc.) UNSCOB is drawn unavoidably to conclusion that Yugo in her attitude toward Greece has ceased adhere to principles UN. Similarly, Albania and Bulgaria in their attitude toward Greece have demonstrated neither capacity nor desire to discharge obligations which must be assumed by nations wishing join UN.

Comment: Conclusion this nature would provide justification for GA censure or disciplinary action subsequently to be determined.

2) Unless attitude northern neighbors alters or unless UN takes effective measures prevent foreign aid reaching guerrillas, Grk internal strife and threat to peace of Balkans will continue.

¹The Third Session of the General Assembly actually convened at Paris in September.

Comment: Conclusion this nature would provide general foundation for any affirmative UN action which might subsequently be developed to protect Greece.

3) In view continuing critical situation essential UNSCOB remain Salonika to continue conciliatory efforts and report developments.

Comment: Conclusion this nature would provide justification for continuation UNSCOB and any organizational changes required.

4) Since observer teams indispensable in assisting UNSCOB in its observation functions, future effective work UNSCOB will require adequate UN arrangements for support of teams.

Comment: Conclusion this nature would provide basis for consideration administrative requirements for teams.

Above suggested conclusions are not intended to be inclusive but merely illustrative of proposed treatment of such major issues as occur to us at moment.

In Oct adequate measures in Greece might conceivably require action of more serious nature than any previously undertaken by UN. For this reason we are anxious not to act precipitantly but prefer to have UNSCOB submit no recommendations of substantive nature, thus preserving tactical freedom of action in GA to develop appropriate measures in light Grk situation as it then exists in perspective of general international developments. Furthermore, to be effective UNSCOB recommendation should be almost unanimous and we question whether UNSCOB can be relied upon to adopt almost unanimously type recommendations which we may later feel desirable. Weak and inadequate recommendations would be worse than no recommendations at all in that they would constitute tacit confession UNSCOB weakness and would tend to impose obstacles to subsequent development stronger action in GA. We recognize it is possible, although unlikely, that developments might make it desirable for UNSCOB to submit substantive recommendations shortly before convocation GA.

We perceive no objections to UNSCOB report including recommendations on administrative and organizational matters at this time.

Pls comment soonest on our analysis.²

Sent Salonika for Balcom 159, and Geneva 581 as Balgen 66; rptd Athens 591, London 1740, Paris 1654, Moscow 338, Belgrade 235, Sofia 304.

MARSHALL

² Mr. Drew, in reply on May 20, stated that the Department's preliminary views were entirely sound. He also deplored the failure of UNSCOB to make greater use of its authority to submit interim reports. (telegram 209 from Salonika, identified also as Combal 178, 501.BB Balkan/5-2048)

501.BB Balkan/6-248 : Telegram

The Acting Secretary of State to Mr. Arthur W. Parsons,¹ at Geneva

CONFIDENTIAL

WASHINGTON, June 2, 1948—6 p. m.

664. Balgen 15. Your impression (Genbal 4)² that most delegates willing leave substantive recommendations to GA noted but as moral sanctions have been discussed informally (Geneva 526³ and Genbal 3⁴) Dept deems timely inform you we oppose UNSCOB recommendation for GA action barring Yugoslavia from positions of honor in UN while present policy continues.

We consider it highly desirable for UNSCOB prestige in possible future activities that its initiatives be such as GA may underwrite, and improbable that this action, to which we ourselves have certain objections both in principle and in practice, would be resolved upon save in event GA finds emergency before it more grave than now appears likely.

Repeated to Salonika as Balcom 177.

LOVETT

¹ Acting Deputy U.S. Representative on the United Nations Special Committee on the Balkans.

² Identified also as telegram 581, May 20, 4 p. m., from Geneva, not printed.

³ Dated May 7, not printed.

⁴ Identified also as telegram 560, May 14, 4 p. m., from Geneva; it noted that in informal discussions among the delegates, suggestions had been made "barring Albania and Bulgaria from UN membership, barring use UN secretariat as propaganda agency for broadcasting Albanian and Bulgarian charges when these transmitted 'for information only', barring Yugo from positions of honor in UN while present policy continues." (501.BB Balkan/5-1448)

501.BB Balkan/6-948 : Telegram

The Secretary of State to the Embassy in Greece

SECRET

WASHINGTON, June 9, 1948—6 p. m.

751. Grk Amb visited Dept several times recently on instruction to express opinion Grk Govt that attitude delegates drafting UNSCOB report in Geneva is particularly favorable to formulation strong recommendations and that failure take advantage this alleged attitude would be grave error. Among types of recommendations advocated by Grk Govt are (1) further increase in number observer groups, (2) armed escorts for observer groups, and (3) review status present economic relations between members GA and Albania, Bulgaria and Yugoslavia. Last type recommendation would contain implied threat that con-

tinued violation GA recommendations would result in some form of economic sanctions.

We have stated to Grk Amb our position as summarized Dept's Balcom 159¹ rptd to Athens as 591 that as result current military and political developments any attempt accurately to estimate situation as it will exist in Oct would be extremely difficult. We consider it greatly to our advantage conceal for time being type recommendations we will advocate to GA on basis UNSCOB conclusions. Apprehension in this regard may cause Soviets and satellites continue cautious policy toward Greece and will make it difficult for them prepare their own defenses in advance. With regard economic sanctions, or threat of economic sanctions, we have pointed out that increase in East-West trade is a basic tenet of ERP and that from broader point of view it is doubtful whether the non-Soviet world, including Greece, would profit by this type punitive measure.

US Del in Geneva has reported no strong sentiment for substantive recommendations. It is unlikely we shall revise our position with regard to recommendations. On contrary, recent events have confirmed us in our judgment that substantive recommendations at this time would be tactical error. We have noted with great interest recent statements by Albanian and Bulgarian Govts of willingness resume diplomatic relations with Greece under certain conditions. Reports from Sofia tend confirm this attitude on part of Bulgarian Govt (Sofia's 655 to Dept rptd Athens as 49 and Sofia's 662 to Dept rptd Athens as 50²). It also seems probable that May 2 Albanian letter to SyG reflects current attitude of Yugo Govt. We suspect self-serving statement in last para May 2 letter concerning Albanian adherence to principles of UN betrays Albanian sensitivity to rebuke administered by UNSCOB on Apr 15 (Combal 149³).

UNSCOB is presently confronted with real challenge to break impasse and bring about conversations between the parties, particularly since neither Albania nor Bulgaria has relented in its attitude toward UNSCOB. We believe there may now be for first time real opportunity for UNSCOB use its good offices improve situation in northern Greece. This opportunity probably results less from sincere desire of northern neighbors for *rapprochement* than from desire conform to current Moscow propaganda themes, to neutralize anticipated effect of

¹ Dated May 13, p. 245. Mr. Henderson informed Ambassador Dendramis on May 19 of his fear that "the Committee might hesitate to make recommendations that would be in keeping with the seriousness of the facts and conclusions and that consequently there would be a grave temptation to water down the statement of facts and conclusions in order to keep them in line with the relatively weak recommendations which the Committee might be willing to put forward." (memorandum of conversation, by Mr. Jernegan, 501.BB Balkan/5-1948)

² Dated May 30 and June 2, respectively; neither printed.

³ Identified also as telegram 163, April 17, 10 a. m., from Salonika, not printed.

UNSCOB report and possibly to appear detached from Markos sponsorship at moment when his fortunes are at low ebb.

In our view, it would be most unfortunate for UNSCOB to rebuff these first tentative feelers from Albania and Bulgaria by adopting at this time harsh recommendations which may later become necessary. Presumably Albanian and Bulgarian statements, along with recent Markos offer negotiate with Grk Govt, fit in general pattern of current Soviet "peace offensive". In order maintain tactical initiative and moral advantage, Grk Govt should always remain one step in advance of northern neighbors in developing conciliatory position. In this regard we hope Grk Govt will carefully consider its relations vis-à-vis Albania prior to making definitive statement in response UNSCOB invitation (Combal 192⁴). We trust Grk Govt will express willingness resume diplomatic relations with Albania as evidence "desire to end tension on Grk-Albanian frontier" referred to in Albanian May 2 letter and without prejudice to territorial claims which both parties would agree to pursue only through peaceful processes. There would seem to be no advantage to Grk Govt in maintaining that state of war continues exist with Albania.

Please discuss with FonMin our general attitude toward substantive recommendations with regard UNSCOB report as set forth in Deptl 591 and our reaction to suggestions of Grk Amb as set forth above.

Sent Athens 751; rptd Geneva 711 (Balgen) 17, Salonika 155 (Balcom) 179, Belgrade 292, Sofia 358, London 2154, Moscow 650.

MARSHALL

⁴ Identified also as telegram 243, May 29, 2 p. m., from Salonika, not printed.

501.BB Balkan/6-2348: Telegram

The Secretary of State to the Embassy in Greece

RESTRICTED US URGENT WASHINGTON, June 23, 1948—7 p. m.

838. Quoted below are texts of formal statement and supplementary remarks by Dept spokesman on Grk child removal program which will be released to press 1100 hours EDST June 24. Athens, Paris and London pls inform respective FonOffs and release to local press. Belgrade, Sofia, Bucharest, Budapest, Praha, Warsaw and Moscow are authorized bring informally to attention respective FonOffs at their discretion. Subsequent report on any local reactions appreciated.

Similar statement being released simultaneously in London by UK Govt. French Emb Washington being informed with suggestion that French Govt may also desire issue communiqué along same lines.

"The United States Government noted with grave concern the findings of the United Nations Special Committee on the Balkans, adopted May 21, 1948,¹ regarding the removal of a large number of children from the guerrilla-infested areas of Greece to Albania, Bulgaria, Yugoslavia and certain other countries with the approval and assistance of the Governments of those countries. It observed especially that in some instances the children were removed as the result of force or threats directed against their families by the Greek guerrillas.

"This report was communicated through UN channels to the Governments of Albania, Bulgaria, Yugoslavia, Rumania, Hungary, Czechoslovakia and Poland in order to discourage the further deportation of Greek children and bring about the return of those already removed. On the UN Committee's recommendation, the Greek Government also approached these Governments on June 2, proposing the direct discussion of arrangements for the repatriation of the children.

"The United States Government earnestly hopes that the Governments thus addressed will make available without further delay full and factual information on any Greek children in their respective territories and promptly arrange for the repatriation of those who were separated from their families by force or the threat of force. Unsubstantiated allegations that the children were removed with the consent of their parents or for humanitarian reasons cannot be regarded as satisfactory in the light of the UN Committee's findings and its conclusion that 'the protracted retention of these children would be contrary to the accepted moral standards of international conduct.' "

Supplementary remarks "Replies to the United Nations and Greek Government requests that the children be returned to Greece have been received so far only from Poland and Hungary. The Polish reply of June 9 to the Greek request denied that there are any Greek children on Polish territory.

"On June 7 the Hungarian Government rejected the Greek request for the repatriation of Greek children in Hungary, claiming that the children involved are 'orphans' sheltered in accordance with 'humanitarian principles' and that the absence of diplomatic relations precludes direct contact in any case with the Government of Greece. This reply is manifestly inadequate. The allegation that the children are 'orphans' is unsupported by any evidence or details and is at variance with previous Hungarian statements. On April 7 and 8, the Hungarian press announced the arrival in Budapest of 840 Greek children, whose parents were said to be 'fighters for freedom' in Greece, and stated that 2,000 more were expected soon. Since then, Hungarian authorities have requested foreign Red Cross assistance in caring for 2,500 Greek children. It is difficult to understand the 'humanitarianism' of harboring foreign children of uncertain family status without having the means to care for them, and of refusing to discuss their repatriation because of political considerations."

Sent Athens 838, Paris 2247, London 2372, Belgrade 325, Sofia 395, Budapest 630, Prague 874, Warsaw 389, Moscow 710.

MARSHALL

¹ For text, see United Nations, *Official Records of the General Assembly, Third Session, Supplement No. 8*, p. 29.

*Report of the United Nations Special Committee on the Balkans*¹

[Here follow Chapter I on the creation and organization of the Committee, Chapter II on the conciliatory role of the Committee and Chapter III on the observation by the Committee of the extent of compliance with the General Assembly resolution of October 21, 1947.]

Chapter IV

CONCLUSIONS

185. The following conclusions are based on events which have come to the knowledge of the Special Committee up till 16 June 1948.

186. The Special Committee has consistently endeavoured to assist Albania, Bulgaria and Yugoslavia, on the one hand, and Greece, on the other, to establish normal diplomatic and good neighbourly relations amongst themselves. The Government of Greece has co-operated with the Special Committee in implementing the resolution of the General Assembly of 21 October 1947. The Governments of Albania, Bulgaria and Yugoslavia, on the other hand, have refused to co-operate with the Special Committee or even to recognize it as a duly constituted body of the United Nations. Because of this refusal to co-operate with it, the Special Committee has thus far been unable to give substantial assistance to the four Governments in the implementation of the recommendations contained in the General Assembly's resolution concerning (1) establishment of normal diplomatic and good neighbourly relations; (2) frontier conventions; (3) political refugees; and (4) voluntary transfer of minorities.

187. Good neighbourly relations between Greece and her northern neighbours do not exist. Diplomatic relations exist between Greece and Yugoslavia, but these relations are not normal. There are no diplomatic relations between Albania and Greece. The Special Committee has been informed that the resumption of diplomatic relations between Bulgaria and Greece is now under discussion in Washington, D.C. (U.S.A.).

188. It appears to the Special Committee that the Greek guerrillas have received aid and assistance from Albania, Bulgaria and Yugoslavia; that they have been furnished with war material and other supplies from those countries; that they have been allowed to use the territories of Albania, Bulgaria and Yugoslavia for tactical operations; and that after rest or medical treatment in the territories of Albania, Bulgaria and Yugoslavia, their return to Greece has been facilitated. The Special Committee further finds that moral support

¹ Signed at Geneva on June 30, 1948, by the Representatives of Australia, Brazil, China, France, Mexico, the Netherlands, Pakistan, the United Kingdom and the United States; reprinted from GA (III), *Suppl. No. 8*.

has been given to the guerrillas through Government-controlled radio stations, the existence of the broadcasting station of the Greek guerrillas on Yugoslav soil, and the systematic organization of aid committees. This assistance has been on such a scale that the Special Committee has concluded that it has been given with the knowledge of the Governments of Albania, Bulgaria and Yugoslavia.

189. So long as events along the northern borders of Greece show that support is being given to the Greek guerrillas from Albania, Bulgaria and Yugoslavia, the Special Committee is convinced that a threat to the political independence and territorial integrity of Greece will exist, and international peace and security in the Balkans will be endangered.

190. Although the Governments of Albania, Bulgaria and Yugoslavia have not so far cooperated with it, the Special Committee is convinced that it would be possible to assist these Governments and the Government of Greece to reach, in the interest of all, a peaceful settlement of their differences if the Governments concerned were prepared to act in accordance with the General Assembly's resolution of 21 October 1947 and in the spirit of the Charter of the United Nations. It is with this hope that the Special Committee is continuing its task.

Chapter V

RECOMMENDATIONS

191. (1) As long as the present disturbed conditions along the northern frontiers of Greece continue, it is, in the opinion of the Special Committee, essential that the functions of exercising vigilance with regard to the relations between Albania, Bulgaria, Yugoslavia and Greece and of endeavouring to bring about a peaceful settlement of existing tension and difficulties, remain entrusted to an agency of the United Nations.

192. (2) The Special Committee, however, recommends that consideration should be given to the constitution of the Special Committee in a form which would not entail so heavy a financial burden on the United Nations and on the nations members of the Special Committee.

193. (3) The Special Committee recommends that the nations which have provided observers and equipment shall be reimbursed for the expenses incurred and that the United Nations shall meet all such expenses in the future.

194. (4) The Special Committee recommends that the General Assembly shall consider ways and means of obtaining the co-operation of Albania, Bulgaria and Yugoslavia with the Special Committee.

[Here follow concluding paragraph, signatures of the Representatives and annexes.]

501.BB Balkan/8-948: Telegram

*The Secretary of State to Mr. Arthur W. Parsons, at Athens*¹

SECRET

WASHINGTON, August 9, 1948—2 p. m.

Balcom 197. Suggest you recommend UNSCOB immediately direct communication to Albania along following lines:

"UNSCOB has taken note of fact Greek Army engaged in offensive operations against guerrilla forces located very near Albanian border. In event further successful action by Greek Army it is likely some or all these forces may attempt to escape across border into Albania. In exercise of its function of attempting develop good neighborly relations between Greece and Albania and in view in conjunction in GA Resolution Oct 21, 1947 calling upon Albania to do nothing which could furnish aid and assistance to guerrillas, UNSCOB expects Albania will either deny passage to guerrillas seeking to enter Albania or will disarm and intern these guerrillas in accordance with established principles international law."

If UNSCOB observer teams have already reported fugitive guerrillas crossing into Albania, this fact might well be alluded to in communication.

Such communication would tend establish Albanian responsibility in event escaped forces reappeared in Greece.

Communication this nature could be transmitted directly to Albanian Govt with info copy to Secy Gen.²

MARSHALL

¹ This message was sent jointly to the Embassy in Greece as No. 1131.

² Mr. Parsons drafted a letter along the lines of Balcom 197 and distributed it to several delegations. Mexico presented to UNSCOB on August 12 a resolution based on the draft, with slight modifications. During the meeting, the Mexican proposal was withdrawn in favor of a Pakistani resolution which Mr. Parsons considered stronger as well as more effective regarding public opinion. The resolution was adopted by eight affirmative votes, with Australia abstaining (Combal 229, identified also as telegram 1574, August 12, from Athens, 501.BB Balkan/8-1248); for text of resolution, see GA (III), *Suppl. No. 8A*, p. 16. The text of the resolution was telegraphed to the Government of Albania by the Secretary-General of the United Nations on August 14 (IO files, United Nations document A/AC.16/342). The Albanian reply, dated August 21, called the creation and existence of UNSCOB a violation of the United Nations Charter, denounced its work as illegal and characterized it as an imperialist espionage agency; for text, see United Nations press release Bal/371 of August 24, 1948.

501.BB Balkan/8-1448: Telegram

The Secretary of State to the Embassy in Greece

CONFIDENTIAL

WASHINGTON, August 14, 1948—noon.

1164. For Embassy and Balcom 199. On instructions from Athens Greek Emb has asked Dept whether it would support Grk Govt in GA

if Greeks introduced agenda item dealing with abduction children from Greece. Emb informed Aug 13 as follows:

Dept considers question of abduction children as weakest link in case which could be made in GA against satellites. First, there is inadequate evidence, as shown by UNSCOB report, that any substantial number of children were forcibly taken. Second, there is little or no evidence that satellite states were directly concerned in abduction. Only group which could be definitely indicted as responsible for physical removal children from Greece is guerrillas, and no useful purpose would be served by endeavoring obtain GA condemnation of guerrillas. Third, satellite states could easily and plausibly argue that reception by them of children was simply humanitarian act. Fourth, attempt to fix blame on satellites would open way for barrage of counter charges against Grk Govt for failing to care for its people, instituting "reign of terror" etc.

Consequently we would consider it highly undesirable bring up question in First, Political Committee of Assembly, which is where main action on Grk case will be taken. Opponents could use this issue to distract attention from essential elements of case and create doubts in minds of uninformed delegates regarding character Grk Govt and justice Grk case.

If issue is to be raised at all, we feel it should be presented purely with idea of facilitating repatriation of children, not with any implication of fixing blame for past actions. It should properly be brought before Third, Economic and Social, Committee, and presentation should be mild and unprovocative.

Economic and Social Council now meeting Geneva expected consider general question displaced children all countries and will probably pass resolution recommending that all displaced children in whatever country be returned to their parents. This resolution will necessarily form part of ECOSOC report to GA and be discussed in Third Committee. Dept considers this would afford opportunity for Greece to raise specific question of Greek children if it so desired. We believe this procedure would be preferable to introduction separate agenda item because of difficulty making sure such item would be referred to Third Committee rather than First Committee. Also it would attract less attention in advance and so minimize danger of satellite propaganda barrage. Should ECOSOC fail to adopt appropriate resolution, Grk Govt would still have time submit separate item if it wished.

Red Cross Societies understood to be making some progress toward agreement on repatriation children. If satisfactory arrangements made through this channel by time question would come up on Assembly agenda, we think Grk Govt might well decide not to raise it in GA.

In conclusion Emb rep was told frankly Dept would prefer, from tactical point of view, avoid necessity for discussing question on children in GA at all. However we recognized justice of Grk complaint and that Grk Govt entitled present its case to GA if other means of regaining children failed. Consequently, we willing support Greeks in

course suggested if they desired. It was emphasized we would not rpt not feel able support them in any attempt fix blame for removal children or sheltering them neighboring countries and that our position this regard based on practical realities to be faced GA.

MARSHALL

501.BB Balkan/8-1748: Telegram

The Secretary of State to Mr. Gerald A. Drew, at Athens

CONFIDENTIAL

WASHINGTON, August 17, 1948—7 p. m.

1184. Balcom 200 for Drew. Dept now favors inclusion in supplementary report to GA of recommendations along lines given in numbered paras below (Balcom 195, Aug. 6¹). Recommendations might well be preceded by some such explanatory statement as follows:

The Special Committee had hoped that between filing its Report of June 30, 1948 and filing this supplementary report, the countries that have refused cooperate with the Committee would have changed their policy, and that Committee could report that assistance and support had ceased to be furnished to the guerrillas fighting against the Greek Govt. Unfortunately, every effort to bring about cooperation with the Committee has been frustrated and evidence of continuing material and other forms of assistance to the guerrillas has accumulated.

In view of foregoing and facts set forth in the Report of June 30, 1948, of the Special Committee, the Special Committee recommends:

1. That the GA reaffirm its resolution of October 21, 1947;
2. That the GA call upon Albania, Bulgaria and Yugoslavia to cease forthwith rendering any further assistance or support in any form, directly or indirectly, to the guerrillas fighting against the Greek Govt., and remind those states that such conduct is inconsistent with the obligations of Members of the UN.
3. That the GA call upon Albania, Bulgaria and Yugoslavia in particular, as well as upon all other States, to disarm, in accordance with accepted principles of international law, all persons who have been fighting against the Greek Govt. who come into their territories and to take every precaution necessary to ensure that such persons do not re-enter Greece without the permission of the Greek Govt. or use the territory of these countries as a base for the preparation of armed action against the Greek Govt.
4. That the GA recommend to all Members of the UN and all other States that they exercise care not to do anything which might furnish assistance or support in any form to any armed group fighting against the Greek Govt.
5. That the GA instruct the Special Committee to carry on its activities and investigations in order to observe compliance not only with the recommendations contained in the GA's resolution of Oct. 21,

¹ Identified also as telegram 1123 to Athens, not printed.

1947 but with any additional recommendations which the GA may make, and to hold itself available to assist in the implementation of all such recommendations;

6. That the GA direct the Special Committee to continue to utilize observation groups in such manner and with such personnel and equipment as the Special Committee deems necessary for the fulfillment of its task;

7. That the GA instruct the Special Committee to report, together with any further recommendations which it deems appropriate, to the next succeeding GA, and that it authorize the Special Committee to consult with the Interim Committee of the GA (if such Committee be continued) with respect to such further steps as should be taken before the next meeting of the GA to assist in achieving the objectives of the GA's recommendations with respect to the Balkan problem.

Dept's present thinking is that above language embodies essentials our anticipated position in GA and constitutes basis for satisfactory resolution which UNSCOB might propose either formally, or informally through its *rapporteur*, to GA in Sept.²

MARSHALL

² In a memorandum of August 16 to Under Secretary Lovett, Mr. Rusk stated that:

"Paragraph 3 of the proposed recommendations, while pointed particularly toward Albania, Bulgaria and Yugoslavia, would apply also to all other states in the effort to ensure that guerrillas fleeing from Greece or preparing to enter it would be disarmed, or prevented from returning to fight there, by the state in whose territory they were found. Paragraph 4 is intended to bring other states of eastern Europe within the scope of the General Assembly's recommendation to do nothing which might aid the Greek guerrillas.

"Paragraphs 5, 6 and 7 are intended to: (a) give General Assembly confirmation of UNSCOB's methods of work to date; (b) to broaden its powers of observing compliance so as to include the new recommendations; (c) similarly to broaden its powers of being available to assist in the implementation of such recommendations, i.e., the conciliation role; (d) to give full sanction to the Committee's use of the observation groups; and (e) to highlight the Committee's responsibility of reporting to the 1949 General Assembly as well as to permit the Committee to consult, if necessary, with the Interim Committee if the latter be continued." (501.BB Balkan/8-1748)

Editorial Note

In a memorandum of August 18 to two officers of the Division of Southern European Affairs, Leonard J. Cromie of the Division of Greek, Turkish and Iranian Affairs stated that "On August 10, the Greek Ambassador called on Lovett and asked that the US either (a) request Russian intervention with the Albanians with a view to the disarming and internment of fleeing guerrillas, or (b) a tri-partite US-UK-French direct approach to the Albanians through the French Minister [at Tirana] for the same purpose." Mr. Cromie observed that the Department had already instructed Mr. Parsons to propose an

UNSCOB *démarche* in this sense, the result of which was the UNSCOB resolution of August 12 (see Balcom 197, August 9, and footnote 2, page 253). He also noted the thought in the Department that this action would satisfy the Greeks; but on August 17, the Greek Ambassador approached Mr. Jernegan with a renewed request for a direct tripartite approach (868.00/8-1848).

501.BB Balkan/8-1848: Telegram

The Secretary of State to the Embassy in Greece

CONFIDENTIAL

WASHINGTON, August 23, 1948—noon.

1209. Balcom 201. In conversation with Greek Amb Aug 20 Dept referred to reported attitude Greek Govt and press toward UNSCOB (urtel 1592, Combal 234, August 15¹). Dept pointed out that even though Greeks might feel committee had not accomplished all it should have, we were sure they would agree it had served useful purpose in deterring satellites from greater assistance to guerrillas and in obtaining info this subject. It would therefore be unfortunate for Greeks to do anything which would either alienate sympathies of committee members or weaken committee prestige.

It was further pointed out US policy in diplomatic field is to support Greece through United Nations, thus bringing to bear weight of whole world rather than merely one country. Anything which weakened UNSCOB lessened our ability to carry out this policy.

Amb indicated his agreement and said he would communicate his govt.

MARSHALL

¹ Not printed; it stated that Greek hostility to UNSCOB appeared to originate from bitterness that the UNSCOB report did not include strong recommendations (501.BB Balkan/8-1548).

501.BB Balkan/8-2748: Telegram

The Secretary of State to the Embassy in Greece

SECRET

WASHINGTON, August 27, 1948—7 p. m.

PRIORITY

1240 for Emb and Balcom 203. Following is statement of Dept's thinking and conclusions re questions raised by Grk Amb as to possible return by GNA of guerrilla fire originating foreign territory (Deptel 1223, Aug 25¹):

¹ Not printed.

1. With regard to Grk Amb's point 3, we do not think it would be desirable request UNSCOB refer problem to SC, but Grk Govt should of course keep UNSCOB fully informed all aspects this subject. It does not as yet appear to us that any advantage would be gained by reference of question to SC at Grk request. Without acquiescence of USSR, SC would be powerless to take any effective action, and if Grk question were under discussion in SC it might be difficult or even impossible to obtain desired action in forthcoming GA. We are informed British ForOff holds similar views.

2. With regard to point 2 Dept is informing Grk Amb it considers present circumstances do not appear warrant abandonment by Grk Govt of policy of not firing upon foreign territory, despite local military disadvantage this may cause an understandable resentment Grk troops at being unable reply to hostile fire. Our attitude does not mean that we will relax our efforts find some means by which northern neighbors can be induced to prevent utilization their territory by guerrillas. We consider this latter as separate question, since even if Grk forces were free to fire on guerrillas in territory of neighboring states,² they could not prevent by this means guerrilla utilization of such territory as place of refuge, source of supplies or passageway from one field of action to another. We are explaining that our view is based upon practical considerations rather than question of legal or moral justification.

Our reasoning in arriving at foregoing view is as follows:

3. It could be argued that the Grks are morally justified in returning guerrilla fire from foreign territory provided Grk forces did not themselves cross frontier and their fire would not injure non-guerrilla groups or individuals nor damage property not being utilized by guerrillas. (It is assumed Grks would not take initiative in firing but would merely reply to guerrilla fire.)

4. If Grk action kept strictly within limits indicated above, no very serious repercussions need necessarily follow, although Albanians and other satellites would undoubtedly endeavor make propaganda capital out of alleged frontier violation. If satellites should appeal to Security Council or other UN organ, positive advantage might even result through causing satellites to acknowledge UN jurisdiction and possibly enabling more positive action to observe and control frontier than has hitherto been possible in view satellite refusal cooperate.

5. However, in absence of reliable details and military judgment regarding effect of guerrilla fire from Albanian territory on overall operations Grk forces against guerrillas, it seems to us Grk Govt may be exaggerating seriousness of question. So far as we can judge, it appears unlikely mere utilization by guerrillas of Albanian territory as location for field pieces or machine-guns could seriously disrupt Grk operations (urtel 1673 Aug 26³). Even without such special protection, guerrillas appear always to have capability of withdrawing across frontier to re-group and re-enter Greece elsewhere. It is this capability which seems to be the major problem.

² The Department, on August 31, changed this sentence to eliminate the words "in territory of neighboring states" (telegram 1257, August 31, 6 p. m., to Athens, identified also as Balcom 205, 501.BB Balkan/8-3148).

³ Not printed.

6. Recent reported instances of guerrilla fire from Albania do not appear present any new or unforeseen situation. Similar instances, though perhaps of lesser degree, have been reported in past and were certainly to have been anticipated in course of operations now nearing conclusion.

7. Should Grks undertake retaliatory fire, it would seem difficult insure that it would be kept within limits. Temptation would be great for GNA to open fire on guerrillas on sight without waiting for them to fire first and also to fire on Albanian villages or other installations believed to shelter guerrillas. Albanian frontier forces might well fire on GNA units to prevent them from firing into Albanian territory. This would raise danger of direct conflict between Grk and Albanian forces. Developments of this sort could lead to extremely serious consequences. It would seriously weaken Grk position vis-à-vis UN and world opinion. It could create situation where UN or Western Powers would have to intervene by force or admit complete inability to control matters. It could even produce open warfare between Greece and neighbors.

8. Although some of these possibilities may be remote, Dept thinks they are nevertheless real, and we seriously question whether Grks would be wise to run even remote risks of this sort unless there is compelling military necessity of a sort which has not yet been made clear to us.

9. We are also influenced by thought that any encouragement we might give Grks to pursue course they have suggested would involve us in implied moral commitment to support them in any circumstances which might develop as result their action. We would hesitate involve ourselves such commitment whose extent we cannot presently estimate. This connection, we wonder whether Grk Govt might not even seek to bring about greater involvement of US Govt and so force us into some drastic action.

Without mentioning considerations stated para 9 please communicate our attitude promptly to Grk Govt together with general outline of reasons for it.

MARSHALL

501.BB Balkan/S-3148

*Memorandum of Conversation, by the Secretary of State*¹

SECRET

[WASHINGTON,] August 31, 1948.

Participants: The Greek Ambassador
The Secretary of State
Mr. Jernegan, GTI

The Ambassador called at his request. He said that his Government was very anxious to capitalize on the recent military successes won by the Greek Army over the guerrillas and in particular to find means of

¹ Drafted by Mr. Jernegan; initialed by the Secretary.

preventing the northern neighbors of Greece from assisting the guerrillas to reorganize and reinfiltate into Greece. He pointed out that with winter coming the operations of the Greek forces would be curtailed and the guerrillas would have an opportunity to return to Greece in small groups and to bring in equipment for future use. The Greek Government had proposed certain recommendations to be made by the UN Special Committee on the Balkans (UNSCOB) to the General Assembly, among them a recommendation that the Committee be authorized to call upon the Secretary-General of the UN for armed guards to protect its observer groups. It was felt that such guards would have a symbolic value in preventing the return of the guerrillas to Greece. It was understood that the Mexican representative on UNSCOB was prepared to present a proposal along this line but that the American representative was opposing such action and the Mexican considered that it would be useless for the Committee to adopt a recommendation of this kind if the United States were in the minority. The Greek Government was much disturbed by this attitude of the American representative. The Ambassador wished to urge that we reexamine this question.

I said that I had been informed of the purpose of the Ambassador's call and had already given the matter some consideration. The Department had not yet made up its mind conclusively on the subject but at the present moment was inclined to feel that the gains from employing armed escorts would be relatively slight, while the difficulties and possible losses would be substantial. I then said that I wished to speak for the Ambassador's information only and not for transmission to any other Government, not even his own. In matters such as this it had to be realized that the United States was in an especially difficult position because we were always the country which had to take whatever action was necessary and suffer whatever consequences there might be. It was comparatively easy for some governments, such as the Mexican, to propose various steps when it was not those governments but the United States which would have to carry them out. For example, Greece was not receiving aid from Mexico but from the United States. It was not Mexico which would in all probability provide the armed guards for the UNSCOB observers. Furthermore, in considering this question we had always to look at the whole world and determine what effect our action in Greece might have on activities being carried on in other countries. We now had over three hundred observers with the UN Commission in Palestine, and these men were scattered throughout the country. It would be a tremendous task to provide guards for all those observers, yet if the precedent were established in Greece we would undoubtedly be called upon to follow

it in Palestine and possibly in other parts of the world where UN Commissions were operating.

I went on to say that probably any guards which could be provided would be in extremely small number, sufficient only to permit allocation of perhaps three men to each group of observers. These would certainly have nothing more than symbolic value. I did not know whether this would meet the Greek Government's ideas or not. It should be kept in mind that no force of guards of a size within the bounds of possibility would be able to provide real protection against open attack. Furthermore, I understood that the greatest danger to the observers came from mines, and it would be practically impossible for a guard force to protect against that. However, I believed the Secretary General of the UN was going to propose the creation of a UN constabulary or *gendarmerie*. Perhaps if this force were created a portion of it could be allocated to Greece and this might meet the wishes of the Greek Government. I indicated that the United States looked with favor on the Secretary General's idea.

Finally I emphasized that the Department had not reached a final decision and was awaiting a report from Mr. Drew, our representative on UNSCOB.² Our judgment would be influenced by his report when it was received although we would not necessarily follow his recommendations since we had to take into consideration conditions in other parts of the world, as I had already pointed out. The Ambassador made no further remarks on this subject.

In the course of discussing the question of escorts for the observers, I took occasion to say I had been told that some of our people thought the Greek Government had interpreted our reluctance to adopt its suggestion on this matter as an indication that we were changing our general policy toward Greece. I said it would not be logical for the Greek Government to feel any such apprehensions. The United States was pouring altogether too much money into Greece and doing too many things in support of Greece for the Greek authorities to have any ground to fear the slightest change in the American attitude.

Our conversation then touched on Greece's relations with its three northern neighbors and on the possible desire of the Greek Government to seek election to the Security Council. (The substance of our remarks on these two points is recorded separately.) At the conclusion of the interview, I said that I wished to emphasize what seemed to me to be the extreme importance of pursuing the military campaign

² Mr. Drew, on September 4, reported that he had informed Greek officials of the serious practical difficulties in implementing the Greek proposal but that the United States might be willing to support the proposal should it find strong favor in UNSCOB. He noted also that the Committee appeared about evenly divided on the question but that all observers opposed the UN escort plan (telegram 1761 from Athens, identified also as Combal 250, 501.BB Balkan/9-448).

against the guerrillas with the utmost vigor. I understood that the Greek forces were already being moved to northeastern Greece to clean up the guerrillas in that area and I was very pleased to hear this. Now that the Grammos victory had been won, I anticipated there would be a tendency on the part of the Greek Government or the Greek people to relax their military efforts. This almost always happened in a democracy after a military victory. It seemed to be a universal tendency of civilians to feel that they could return to normal as soon as the greatest single obstacle had been eliminated. Speaking as a military man, however, I was convinced of the absolute necessity for following through with undiminished vigor after a victory such as that won by the Greek Army in Grammos. Any relaxation would greatly diminish the results of that victory. I believed it would still be possible to carry on an active campaign during the months of September, October, and possibly part of November, and I thought the Greek Army should do everything in its power against the guerrillas during that period. Success in this would be the best way to impress the northern neighbors; in fact, it would answer the greater part of the problems which the Ambassador had presented to me. I repeated several times the extreme importance I attached to this and the necessity for avoiding any relaxation either by the Army itself or on the part of the central Government in its support of the Army.³

³ The Assistant Chief of the Division of Greek, Turkish and Iranian Affairs, William O. Baxter, wrote in a memorandum of conversation of September 18: "The Greek Ambassador called today at my request to learn the views of the Department on the possibility, which he discussed with the Secretary about two weeks ago, that the Greek Government might consider the early invocation of Article 51 of the United Nations Charter as a means, he implied, of requesting armed assistance from other countries to prevent Greece's northern neighbors continuing aid to the guerrillas. I told the Greek Ambassador that I had been authorized to inform him that in the Department's view a Greek appeal for assistance under the admmissive authority of Article 51 would not be warranted by present circumstances. Also, it would seem inadvisable for Greece to take such a step at a time when the whole problem is under active consideration by the General Assembly. The Department further believes that it is not feasible to formulate a United States position based on the hypothetical premise that the current military and diplomatic moves will fail to bring the guerrilla movement under control or that Greece's northern neighbors may at some future date undertake larger scale or more overt action against Greece." The Department, the same day, furnished the substance of this conversation to Athens in telegram 1346, which was repeated to London, Paris and Moscow (501.BB Balkan/9-1848).

501.BB Balkan/9-148: Telegram

The Secretary of State to Mr. Gerald A. Drew, at Athens

SECRET

WASHINGTON, September 1, 1948—6 p. m.

1261. Balcom 206. For Drew. Re numbered para 3 Balcom 200 (Aug 17)¹ further review in Dept reveals doubt whether GA could

¹ Telegram 1184, p. 255.

state with assurance Alb, Bulg or Yugo, without having properly recognized belligerency guerrillas are under obligation international law to disarm (or intern) guerrillas fleeing into their territories. Under present conditions extent of clear legal obligations A, B and Y appears limited prevention use their territory for outfitting or launching armed expeditions against Grk Govt.

Assembly can of course make recommendation containing major points para 3, Balcom 200, without specific reference international law. We would not wish have any loophole in UNSCOB recommendations for controversial debate in GA on degree applicability international law in such matters.

Accordingly, while otherwise favoring language para 3 reference tel Dept desires you withdraw phrase "in accordance with accepted principles of international law" from text you may have circulated on proposed UNSCOB recommendations to GA.

MARSHALL

501.BB Balkan/9-248: Telegram

The Secretary of State to the Embassy in France

SECRET US URGENT

WASHINGTON, September 2, 1948—5 p. m.

3425. While Dept agreeable proposed tripartite *démarche* Tirana (Deptel 3358 Aug 28¹), it must reserve position on possible subsequent approach Moscow.²

Although "leak" has apparently already occurred Athens, Dept suggests *démarche* should not be publicized pending Alban reply or lapse reasonable time for reply in order enhance admittedly slight possibility favorable Alban action.

Dept believes *démarche* should not be directed narrowly and specifically at disarming and interning Grk guerrillas by Alban, for such approach might imply recognition guerrilla belligerency, from which alone specific obligation under international law to disarm and intern would arise. Rather it should be general and directed towards Albania's taking appropriate steps, in accord obligations under international law, to prevent launching armed expeditions from Alban territory against Grk Govt.

¹ Not printed. The Ambassador in France, on August 26, had transmitted an invitation to the United States from the French Foreign Office to join the French and British Governments in a tripartite *démarche* to Tirana (telegram 4422 from Paris, 501.BB Balkan/8-2648).

² The Department informed the British Embassy on September 17 that "it considers inadvisable Brit FonOff suggestion of joint US-UK-French approach direct to Moscow on subject Albanian behavior toward Greece in event Albanian reply to recent French *démarche* unsatisfactory." (telegram 3696, September 18, 2 p. m., to London, 768.75/9-1848)

It is feared *démarche* as outlined French draft instructions (Embtel 4424 Aug 26³) would merely elicit reply Albania already disarming and interning guerrillas. To forestall such reply, French Min might refer to claims this subject Alban note Aug 24 to UNSYG and Tirana Radio broadcast same day mentioning disarming and internment of 1,322 recent guerrilla border crossers. While acknowledging possibility some guerrillas in fact disarmed and interned, he could point out there is evidence recent guerrilla movement into Albania from Grammos substantially exceeds figures mentioned Alban note and Tirana Radio, probably reaching 5,000, and that strong evidence indicates large numbers have subsequently reentered Greece at other border points. As many as 1,200, for example, are estimated to have reached Vitsi area via Albania. UNSCOB observers have personally noted abnormally heavy night traffic Bozhigrad-Bilisht road paralleling frontier in Albania, and on Aug 21 they eye-witnessed strong attack launched from Alban territory by guerrillas against GNA in Grk territory despite proximity manned Alban frontier post. French Min might conclude that, in light such evidence, Albania will only convince world opinion of its alleged non-intervention Grk affairs by permitting, as Greece has consistently permitted, inspection by UNSCOB which specifically designated by GA to deal with Grk frontier problems. Dept feels strongly French Min should stress to Alban Govt that his approach on behalf US, UK and France is made to give fullest diplomatic support of three Govts to work of UN organs dealing with Grk case and reflects strong position three Govts will take in 1948 GA to support UNSCOB.

Dept realizes this proposal at variance with Brit position (Embtel 4423 Aug 26³) and appreciates Brit tactical objective in suggesting that reference to UNSCOB be omitted. However Dept believes it would be profound mistake from viewpoint diplomatic strategy to indicate that satellite name calling has caused Western Powers to waver in their support of UN as instrument for peace. If, as is likely, Albans reject proposal for UNSCOB inspection, French Min might usefully inquire whether they have other constructive proposal to offer for objective verification Alban conduct, it being understood such proposal must be consistent with UN authority in maintenance of peace.

It is understood French Min Tirana must have considerable latitude in formulating *démarche*, and foregoing suggestions are not intended bind French FonOff to any specific wording of instructions but rather

³ Not printed.

to point out line of approach which, in Dept's opinion, will either induce favorable Alban action or, more probably, permit clear demonstration to world opinion of Alban refusal allow any impartial investigation of Alban behavior.

Pls discuss foregoing urgently with French and Brit FonOffs and report action taken. If considered necessary to adjust details, suggest you arrange telecom conference with Dept.⁴

MARSHALL

⁴ The Department's views were fully discussed at Paris and on September 8; the French Foreign Office telegraphed appropriate instructions to the French Minister at Tirana (telegram 4704, September 9, 6 p. m., from Paris, 501.BB Balkan/9-948). The French Minister made the tripartite *démarche* on September 13 (telegram 4795, September 14, 9 p. m., from Paris, 501.BB Balkan/9-1448).

The Albanian reply was made orally on September 20 and in writing the following day (telegrams 5039 and 5040, both dated September 25, 2 p. m., from Paris, 768.75/9-2548). It rejected the French Minister's appeal that UNSCOB be permitted to operate in Albanian territory as well as any other type of neutral observation of Albanian conduct toward the guerrillas. The text of the reply and Department comment are printed in Department of State *Bulletin*, October 10, 1948, pp. 461, 462.

501.BB Balkan/9-348: Telegram

The Secretary of State to Mr. Gerald A. Drew, at Athens

CONFIDENTIAL

WASHINGTON, September 3, 1948—8 p. m.

US URGENT

1280. Balcom 208. Following Dept's views re Combal 248.¹ It has never been Dept's intention to oppose in any way formation strong conclusions to be included in Supplementary Report. We trust conclusions will be strongest which evidence adduced by UNSCOB will sustain and we hope Supplementary Report will include all evidence at least up to end of August including particularly Grammos operation.

We also approve strongest possible condemnation of A, B, and Y on basis aid to guerrillas and attitude toward UNSCOB. If evidence in possession UNSCOB affords basis for milder treatment of Yugo

¹ Identified also as telegram 1739, September 2, 7 p. m., from Athens; it reported a "feeling among several of more realistically minded that US recommendations would be weak anti-climax to strong conclusions in that they offer no practical solution to problem pointed to by such conclusions. This thinking has prompted Netherlands delegate to come forward in corridors with outline of proposed GA resolution which would (1) adopt and approve general and supplementary reports (2) approve manner in which committee had discharged its mandate (3) direct it to carry on in same manner. Such broad resolution by giving blanket blessing to our work would in effect accomplish most of objectives of Dept's more detailed recommendations, avoid obvious contradiction with strong conclusions and preclude addition of petty details in mind of some delegates." (501.BB Balkan/9-248)

(Balcom 207²) we hope Supplementary Report will reflect such distinction, but only if sound factual foundation exists.

Recommendations set forth Balcom 200³ represent essential points which, in Dept's view, should be met in some way or other to insure continued satisfactory UNSCOB operation. Netherlands suggestion extremely vague as outlined Combal 248. How would "blanket" approach provide for such points as GA recommendation to disarm and intern guerrillas, authority to consult Interim Committee, and recommendation states other than A, B and Y give no aid to guerrillas, etc? If Netherlands approach covers, either expressly or impliedly, essential points US program, Dept perceives no fundamental objection to this type approach, however, we believe idea specific recommendations should not be discarded lightly without assurance that essential points are covered.

We feel strongly that proposed resolution should clearly endorse, either expressly or by implication, the observation activity of UNSCOB. In this connection an injunction from GA to UNSCOB to continue its activities in the same manner as present operation would seem meet this point. We still await receipt your views on armed escorts for observer teams. (Balcom 204⁴)

Dept willing to consider any "practical solution" which UNSCOB can devise as logical consequence of strong conclusions. When proposed suggestion for blanket resolution takes more specific form we would appreciate opportunity to study tentative text with view to developing further suggestions.

Conversations between Rusk and Gladwyn Jebb, UK, revealed fundamental agreement US-UK along lines of recommendations Balcom 200. Does UKDel now favor "blanket" approach?

Re your proposed abstention on dubious points,⁵ important that such US policy will not encourage other delegates to adopt similar attitude on points where it would be desirable to have unanimity.

Please advise whether UNSCOB contemplates proposed resolution be introduced by rapporteur.

Please also advise principal recommendations advocated by Mexican delegation.

MARSHALL

² Identified also as telegram 1263, September 2, 12 noon, to Athens; it cited an Athens press source alleging that Yugoslavia was interning guerrillas crossing the Yugoslav border and in some cases turning them back (501.BB Balkan/9-248).

³ Dated August 17, p. 255.

⁴ Identified also as telegram 1242 to Athens, dated August 28, not printed.

⁵ As indicated in Combal 248.

501.BB Balkan/9-848 : Telegram

The Secretary of State to Mr. Gerald A. Drew, at Athens

SECRET

US URGENT

WASHINGTON, September 8, 1948—7 p. m.

1291. Balcom 210. Re SyG's proposal for UN Guard (Combal 250¹), Secretariat plans not yet completely crystallized and specific proposal which SyG will present GA not determined. Informal discussions bet Secretariat and USUN have indicated some initial difference view as to scope functions Guard. Present thinking Dept is support Guard 300-500 men with personal equipment only, for limited guard and police duties.

In view foregoing, Dept does not believe appropriate UNSCOB pass resolution now supporting SyG's plan. If, however, you believe desirable and Committee members favorably disposed you are authorized support resolution noting fact SyG has indicated he plans submit a proposal GA and stating that if Guard should be established by GA, UNSCOB might find it desirable request assignment to it certain number guards. However, in view limited character proposed functions Guard, you should avoid any implication in resolution Guard might be used border control purposes.

MARSHALL

¹ Identified also as telegram 1761, September 4, 9 p. m., from Athens; it stated "that "Following informal talks with USDel, Chinese delegate is sounding out colleagues on plan to introduce resolution entirely separate from supplementary report which would inform Secretary General of UNSCOB support his plan establish permanent force uniformed guards and forecast possible request in future for assignment certain number guards to committee." (501.BB Balkan/9-448)

501.BB Balkan/9-948 : Telegram

The Secretary of State to Mr. Gerald A. Drew, at Athens

CONFIDENTIAL

WASHINGTON, September 9, 1948—5 p. m.

PRIORITY

1293. For Emb and Balcom 211. On Sept 3 Grk Amb informed Dept his Govt attached greatest importance inclusion in UNSCOB recommendations clause calling for "economic sanctions against Greece's northern neighbors" should they continue giving aid and support guerrillas. Amb explained that by "economic sanctions" his Govt meant withholding special financial or military assistance, such as grants or loans of money, material or military equipment. Amb argued that such recommendations would have powerful influence on satellites by showing them they must change their policy toward Greece if they expected strengthen their difficult economic position. Grk Govt con-

sidered recommendation would be effective lever bring about normal relations between Greece and neighbors. Without such clause, recommendations to be made by UNSCOB would appear weak and ineffective.

After careful consideration, Dept advised Grk Emb Sep 5 we were not prepared support recommendation type suggested. We considered it would have little or no practical effect on satellite states, since they knew they could not expect receive assistance from Western powers unless their present policy changed, whereas Eastern nations would disregard recommendation. Dept therefore considered disadvantages outweighed any possible advantages.

Question discussed with Jebb and Brit Emb rep here Sep 4 and they were given impression Dept might propose modified version Grk suggestion. Brit Emb advised Sept 7 that on further consideration Dept felt obliged drop suggestion. London confirm this position to FonOff.¹

MARSHALL

¹ This telegram was repeated to London as No. 3563.

Editorial Note

The *Supplementary Report of the United Nations Special Committee on the Balkans*, covering the period June 17 to September 10, 1948, was signed at Athens on September 10. The Committee concluded that the events which had come to its knowledge during that period served to confirm the conclusions expressed in its report of August 12.

The section of the report on general recommendations reads as follows:

"69. I. (1) That the recommendations made in the report of 30 June 1948 should stand;

(2) That the General Assembly issue a serious warning to Albania, Bulgaria and Yugoslavia that their continued aid to the Greek guerrillas endangers peace in the Balkans;

(3) Furthermore, that the General Assembly recommend to all Members of the United Nations and all other States that they exercise care not to do anything which might assist in any way any armed group fighting against the Greek Government.

70. II. That the General Assembly approve the activities of the Special Committee to date and instruct it:

(1) To observe and report upon the response of Albania, Bulgaria and Yugoslavia to the General Assembly's injunction not to furnish aid and assistance to the Greek guerrillas, in accordance with General Assembly resolution 109 (II) of 21 October 1947 and any other resolution which the General Assembly may adopt;

(2) To continue to utilize observation groups in such a manner and with such personnel and equipment as the Special Committee deems necessary for the fulfillment of its task;

(3) To be available to assist the Governments of Albania, Bulgaria, Greece and Yugoslavia in the implementation of the recommendations of the General Assembly."

For the full text of the Supplementary Report, see GA (III), *Suppl. No. 8A*.

Editorial Notes

The Third Session of the General Assembly began at Paris on September 21, 1948. On October 1, the United States Delegation sent to the Department for comment a tentative draft resolution on the Greek case, to be used as the basis for conversations with friendly delegations (telegram Delga 174). The Department, on October 9, suggested various changes (telegram Gadel 165). Taking these modifications into account, the Delegation agreed on October 13 with the delegations of France, China and the United Kingdom to sponsor jointly a resolution, the text of which was sent to the Department on October 20 (Delga 413).

The Director of the Office of Near Eastern and African Affairs (Satterthwaite), in a memorandum of October 22 to Mr. Lovett, stated that the competent Greek officials had expressed to the Department their "bitter disappointment" at the "hopeless weakness" of the draft resolution. He also set forth his belief that "there is considerable justification in the Greek complaint and that submission of the draft resolution in its existing form would force the Greeks, as they state, to the embarrassing and fruitless expedient of submitting an independent and extreme Resolution. Adoption of a weak Resolution in this case would, moreover, further undermine the prestige of the UN and the Powers supporting Greece, would seriously affect morale in Greece, particularly of the Army, and might consequently lead to grave political and military difficulties in that country." The memorandum noted that "NEA has substantially strengthened the wording of the proposed draft resolution and repaired certain omissions without, however, committing the US to any action we may not wish to take." For revised draft, see telegram Gadel 284, October 22, page 271.

All documents cited in this note are filed under 501.BB Balkan.

The third interim report of the United Nations Special Committee on the Balkans, covering the period September 11 to October 22, was signed at Athens on October 22. The report "strengthens and confirms the conclusions" contained in the Committee's reports of June 30 and

September 10; for text, see United Nations, *Official Records of the General Assembly, Third Session, Part I, Plenary Meetings, Annexes*, page 275.

501.BB Balkan/10-2048: Telegram

*The Acting Secretary of State to the Secretary of State, at Paris*¹

SECRET

WASHINGTON, October 22, 1948—7 p. m.

Gadel 283. In view importance we have attached to Greek case by advancing it on agenda and by Secy's much publicized visit Athens² which has focused attention on that country, believe it only appropriate (as well as highly warranted) that initial US speech on subject should be of dynamic and impressive character and that draft resolution should be correspondingly more vigorous, forthright and realistic.

We also feel relatively anemic draft transmitted Delga 443 [413] Oct 20³ should be invigorated and certain omissions repaired in order avoid impairment prestige UN and powers supporting Greece, embarrassment which would result from presentation separate and perhaps extreme Greek resolution, and damage to Greek morale which Greeks have correctly pointed out could cause serious political and military consequences that country.

After careful consideration, Dept has accordingly prepared revised draft, which transmitted next tel,⁴ incorporating substantially stronger language and some new points but no additional commitments.

It is hoped strengthened version along lines proposed will meet with approval USGADel, planned co-sponsors, and wide majority GA. We believe it advantageous from viewpoint both Greek morale and tactics to start debate with strongest language justified by realities of situation and likely to rally good majority and that it would be unwarranted and unwise to weaken resolution merely to obtain additional noncritical votes. It should also be borne in mind that language is of the essence in this instance, since strong appeal to public opinion and tongue lashing for culprits is only substitute we can offer for Chapter VII⁵ action which situation really warrants but which could not be obtained or implemented under present circumstances.

LOVETT

¹ The Secretary of State was head of the United States Delegation participating in the Third Regular Session of the General Assembly, the first part of which met at Paris from September to December 1948.

² For information on this subject, see especially the two memoranda by the Secretary of State, dated October 18 and 20, pp. 161, 162.

³ Not printed; but see editorial notes, *supra*.

⁴ *Infra*.

⁵ Of the U.N. Charter.

501.BB Balkan/10-2248 : Telegram

The Acting Secretary of State to the Secretary of State, at Paris

RESTRICTED

WASHINGTON, October 22, 1948—7 p. m.

Gadel 284. Following proposed revision Grk draft resolution :

1. Having considered the reports by the Special Committee established by Resolution 109 (II) ;

2. Having noted the conclusions of the Special Committee and in particular its unanimous conclusion that, despite the aforesaid Resolution of the General Assembly, the Greek guerrillas have continued to receive aid and assistance on a large scale from Albania, Bulgaria and Yugoslavia, with the knowledge of the Governments of those countries and that the Greek guerrillas in the frontier zones have, as found by the Special Committee :

(1) Been largely dependent on external supply. Great quantities of arms, ammunition and other military stores have come across the border, notably during times of heavy fighting. Strongly-held positions of the guerrillas have protected their vital supply lines from Bulgaria, Yugoslavia and, in particular, from Albania. In recent months, there has been less evidence of receipt of supplies from Yugoslavia by the guerrillas.

(2) Frequently moved at will in territory across the frontier for tactical reasons, and have thus been able to concentrate their forces without interference by the Greek Army, and to return to Greece when they wished.

(3) Frequently retired safely into the territory of Albania, Bulgaria and Yugoslavia when the Greek Army exerted great pressure.

3. Having noted further that the Greek guerrillas in the frontier zones :

(1) Have been able to establish military emplacements in Albanian, Bulgarian and Yugoslav territory and have conducted hostilities from these points against the Greek Army in Greek territory.

(2) Have been supported in their military operations by gunfire directed from Albanian, Bulgarian and Yugoslav territory against the Greek Army in Greek territory.

4. Having noted the recommendations submitted by the Special Committee ;

5. Condemns Albania, Bulgaria and Yugoslavia for their conduct with respect to Greece, which constitutes, so long as it continues, an insurmountable obstacle to the establishment of good neighborly relations between Greece and her northern neighbors, a threat to the political independence and territorial integrity of Greece, a danger to world peace and a flagrant defiance of the United Nations.

6. Warns Albania, Bulgaria and Yugoslavia that continuation of this conduct is inconsistent with the purposes and principles of the Charter of the United Nations, and incompatible with the obligations of membership in the United Nations.

7. Summons Albania, Bulgaria and Yugoslavia to cease forthwith rendering any assistance or support in any form to the guerrillas fighting against the Greek Government, including the use of their territories as a base for the preparation or launching of armed action, and in particular to take every precaution necessary to assure that members of armed bands fighting against the Greek Government who come into their territories are disarmed and prevented from reentering Greece without the permission of the Greek Government;

8. Again calls upon Albania, Bulgaria and Yugoslavia on the one hand and Greece on the other hand, to cooperate in the settlement of their disputes by peaceful means in accordance with recommendations contained in Resolution 109 (II);

9. Calls upon Albania, Bulgaria and Yugoslavia to cooperate with the Special Committee in enabling it to carry out its functions and upon Greece to continue to cooperate toward the same end;

10. Calls upon the Governments of Albania, Bulgaria, Greece and Yugoslavia to exercise the utmost diligence to prevent the recurrence of frontier incidents involving the violation of neighboring territory by their respective national forces;

11. Deplores the official encouragement in some other countries of campaigns to provide moral, political or material aid to the Greek guerrillas, which suggest the existence of a broad conspiracy against the political independence and territorial integrity of Greece;

12. Calls upon the Governments of all Members of the United Nations and of all other states to refrain from any action which would directly or indirectly assist any armed group fighting against the Greek Government and to discourage by all appropriate means any such activity on the part of private groups or individuals;

13. Commends the members and attached personnel of the Special Committee for their objective and untiring efforts on behalf of peace, often in the face of hardship and personal danger;

14. Approves the activities of the Special Committee to date, continues it in being with the functions conferred upon it by Resolution 109 (II) and instructs it:

(a) To continue to observe and report with recommendations on compliance with the General Assembly injunction not to furnish aid to the Greek guerrillas in accordance with General Assembly Resolution 109 (II) and the present Resolution;

(b) To continue to utilize observation groups with personnel and equipment adequate for the fulfillment of its task;

(c) To continue to be available to assist the Governments of Albania, Bulgaria, Greece and Yugoslavia in the implementation of Resolution 109 (II) and of the present Resolution:

15. Authorizes the Special Committee to consult, in its discretion, with the Interim Committee (if it is continued) with respect to the performance of its functions in the light of developments in order better to promote compliance with the injunctions of the General Assembly.

16. Requests the Secretary-General to provide the Special Committee with adequate staff and facilities to enable it to perform its functions.¹

LOVETT

¹ The United States Delegation, on October 24, notified the Department that "Gadel 283 and 284 have arrived too late to become basis of Four-Power resolutions. US political officers have already discussed agreed draft with other delegations; changes suggested in Gadel 284 would not be acceptable to other three co-sponsors and changes would be spotted as US in origin and, in present mood of Greeks, would make us appear more belligerent than those being subjected to aggressive action. We would then face weakening amendments which would carry us farther back than our present agreed draft." The "present mood of Greeks" refers to information given to the United States Delegation by Greek Foreign Minister Tsaldaris that the Greek representative at the General Assembly would speak in moderate terms and would propose a resolution to be referred to a subcommittee of Committee One composed of the five permanent members of the Security Council (Delga 474, 501.BB Balkan/10-2448). For the agreed draft, see telegram Delga 486, *infra*.

501.BB Balkan/10-2648: Telegram

The Secretary of State to the Acting Secretary of State

PARIS, October 26, 1948.

Delga 486. Following resolution introduced Committee One October 26 by China, France, UK, US:

"The GA,

1. Having considered the reports by the special committee established by resolution 109 (II):

2. Having noted the conclusions of the special committee and in particular its unanimous conclusion that, despite the aforesaid resolution of the GA, 'the Greek guerrillas have continued to receive aid and assistance on a large scale from Albania, Bulgaria and Yugoslavia, with the knowledge of the governments of those countries' and that the Greek guerrillas in the frontier zones have, as found by the special committee:

'Been largely dependent on external supply. Great quantities of arms, ammunition and other military stores have come across the border, notably during times of heavy fighting. Strongly held positions of the guerrillas have protected their vital supply lines from Bulgaria, Yugoslavia, and in particular, from Albania. In

recent months, there has been less evidence of receipt of supplies from Yugoslavia by the guerrillas.

Frequently moved at will in territory across the frontier for tactical reasons and have thus been able to concentrate their forces without interference by the Greek Army, and to return to Greece when they wished.

Frequently retired safely into the territory of Albania, Bulgaria and Yugoslavia when the Greek Army exerted great pressure.'

3. Having noted further the conclusions of the special committee that a continuation of this situation 'constitutes a threat to the political independence and territorial integrity of Greece and to peace in the Balkans' and 'that the conduct of Albania, Bulgaria, and Yugoslavia has been inconsistent with the purposes and principles of the Charter of the UN';

4. Having noted the recommendations submitted by the special committee;

5. Considers that the continued aid given by Albania, Bulgaria and Yugoslavia to the Greek guerrillas endangers peace in the Balkans, and is inconsistent with the purposes and principles of the Charter of the UN.

6. Calls upon Albania, Bulgaria and Yugoslavia to cease forthwith rendering any assistance or support in any form to the guerrillas fighting against the Greek Government; including the use of their territories as a base for the preparation to launching of armed action;

7. Again calls upon Albania, Bulgaria and Yugoslavia to cooperate with Greece in the settlement of their disputes by peaceful means in accordance with recommendations contained in resolution 109 (II);

8. Calls upon Albania, Bulgaria and Yugoslavia to cooperate with the special committee in enabling it to carry out its functions and upon Greece to continue to cooperate toward the same end;

9. Recommends to all members of the UN and to all other states that their governments refrain from any action designed to assist directly or through any other government any armed group fighting against the Greek Government;

10. Approves the activities of the special committee to date, continues it in being with the functions conferred upon it by resolution 109 (II) and instructs it:

(a) To continue to observe and report on the response of Albania, Bulgaria and Yugoslavia to the GA injunction not to furnish aid to the Greek guerrillas in accordance with GA resolution 109 (II) and the present resolution;

(b) To continue to utilize observation groups with personnel and equipment adequate for the fulfillment of its task;

(c) To continue to be available to assist the Governments of Albania, Bulgaria, Greece and Yugoslavia in the implementation of resolution 109 (II) and of the present resolution;

11. Authorizes the special committee to consult, in its discretion, with the IC (if it is continued) with respect to the performance of its functions in the light of developments;

12. Request the SyG to provide the special committee with adequate staff and facilities to enable it to perform its functions.

MARSHALL

501.BB Balkan/10-2948 : Telegram

The Secretary of State to the Acting Secretary of State

PARIS, October 29, 1948—8 p. m.

Delga 537. Following is text Soviet Draft Resolution on Greece introduced Committee One, October 29:

"Having considered the report of the Special Committee established by the GA Resolution of 21 October 1947, the GA considers the following facts to have been established:

"The internal situation of Greece during the past year has been characterized by a further aggravation of the struggle between the Greek people and the anti-Democratic forces supported by the present Greek Government. This has led to a tense situation in Greece. Moreover, the Greek militarists not infrequently utilize the existing situation in order to carry out provocative operations in several frontier districts;

"The situation which has arisen in Greece, including a number of her frontier districts, is the result of increased foreign interference in the domestic affairs of Greece entailing serious consequences for the Greek people;

"The activities of the Special Committee have led to a further aggravation of the situation on the northern frontiers of Greece and to the complication of her relations with neighboring countries;

"The GA recommends that Greece, on the one hand, and Bulgaria and Albania on the other, establish diplomatic relations with each other, the absence of which is harmful to the relations between these countries;

"Recommends the Governments of Greece, Yugoslavia, Bulgaria and Albania to renew the previously operative conventions for the settlement of frontier questions or to conclude new ones, and also to settle the question of refugees in the spirit of mutual understanding and the establishment of good neighbor relations;

"Recommends the Government of Greece to take the necessary measures to ensure the removal of any discrimination in regard to citizens of Macedonian or Albanian nationality living in the territory of Greece, in order to give them the opportunity of using their native language and developing their national culture;

"Furthermore, recommends, the Governments of Greece, Albania, Bulgaria and Yugoslavia to inform the SyG of the UN at the end of six months, for communication to member states of the UN, of the fulfillment of the above-mentioned recommendations;

"Recommends that all foreign countries and foreign military personnel be withdrawn from Greece;

"Decides to terminate the activities of the Special Committee established by the GA Resolution of 21 October 1947".

Sent Department ; repeated Athens 141.

MARSHALL

501.BB Balkan/10-2948 : Telegram

The Acting Secretary of State to the Secretary of State

CONFIDENTIAL

WASHINGTON, November 3, 1948—6 p. m.

Gadel 382. Grk Amb has requested Departmental support for following proposed amendment to resolution on Greece (which might be submitted by small State) :

"Applauds the assistance and support given by members of the UN to the request of Greece to help Greece to remove the threat to its political independence and territorial integrity, and encourages further effective collective measures amongst the members of the UN for the removal of this threat and the threat to the peace in the Balkans."

Fully cognizant of circumstances set forth Delga 474 Oct 24,¹ Dept is merely replying that basic US position has already been established and aligned with those of UK, France and China and that USDel will consider all proposed amendments within this framework.

As to substance Grk proposal, and for ur info, we see no objection to first part amendment provided, your judgment, it could be handled tactically without provoking prolonged and irrelevant discussion US aid program and could easily command large majority. Believe wording in any case should be altered : "help Greece to maintain its political independence and territorial integrity."

We are more hesitant about reference to "further effective collective measures." While this language less objectionable than outright reference to possible application Chap. VII or Article 51 measures, it clearly points to such measures and would be so interpreted by Greek press, leading Grks to expect and perhaps demand US assistance substantially in excess that already being given.

Grk Amb likewise asked Departmental support for Greek amendment on children (Delga 534 Oct 29²), but was reminded Dept's known views this subject and was told it now up to USDel to decide whether objection still exists to including such amendment in present resolution.

LOVETT

¹ Not printed ; but see footnote 1, p. 273.

² Not printed ; it gave the text of a Greek amendment to the joint resolution on the Greek question, calling on all members of the UN and on all other states to which Greek children have been removed by the Greek guerrillas to cooperate for their prompt return to Greece with the Special Committee as well as appropriate international agencies (501.BB Balkan/10-2948).

Editorial Note

The Greek problem was discussed by the First Committee of the General Assembly from October 25 to November 11; see United Nations, *Official Records of the General Assembly, Third Session, Part I, First Committee*, pages 243-576, *passim*. The resolution proposed by the United States, China, France and the United Kingdom, as amended, was adopted, after a paragraph-by-paragraph vote on November 10, by a vote of 48 to 6 (*ibid.*, page 520). It continued the United Nations Special Committee on the Balkans, with both conciliatory and observational functions.

The Committee turned its attention to the Soviet resolution the same day. In paragraph-by-paragraph voting, it approved three paragraphs of the operative provisions but rejected the preamble and the remaining operative provisions. The three paragraphs were then voted on as a group and were adopted by 48 votes, with one abstention (*ibid.*, pages 538, 539). They recommended that Greece, on the one hand, and Albania and Bulgaria, on the other, establish diplomatic relations with each other; that Greece, Albania, Bulgaria and Yugoslavia renew previously operative conventions for the settlement of frontier questions, or conclude new ones, and that they settle the question of refugees in a spirit of mutual understanding and good-neighbor relations; and that the four governments inform the Secretary-General of the United Nations of the fulfillment of the two earlier recommendations at the end of six months.

The Committee, the following day, adopted a Belgian resolution, as amended, by 45 votes (*ibid.*, page 576). The resolution recommended repatriation of Greek refugee children to Greece. All three resolutions were adopted for action by the General Assembly.

The Committee, on November 10, also adopted unanimously an Australian resolution, as amended (*ibid.*, page 549). It called for the Committee to request the President of the General Assembly, the Secretary-General, and the Chairman and *Rapporteur* of the First Committee, jointly, to convene immediately at Paris a meeting of the representatives of Greece, Albania, Bulgaria, and Yugoslavia for the purpose of exploring the possibilities of composing their differences. This resolution, however, was for action by the First Committee and not by the General Assembly.

The General Assembly began consideration of the problem of threats to the political and territorial integrity of Greece on November 26 (United Nations, *Official Records of the Third Session of the General Assembly, Part I, Plenary Meetings*, page 609), terminating its deliberations the following day when the three resolutions proposed by the First Committee were adopted. The principal resolution, which

continued UNSCOB, was passed by a vote of 47 to 6. The resolution calling for renewal of diplomatic relations, conclusion of frontier conventions, and settlement of the refugee problem, which had been drawn from the Soviet resolution before the First Committee, and the resolution concerning repatriation of Greek children were adopted unanimously (*ibid.*, pages 661, 662). For the texts of these resolutions, numbered 193 (III) A, 193 (III) B and 193 (III) C, respectively, see United Nations, *Official Records of the General Assembly, Third Session, Part I, Resolutions, 21 September-12 December 1948*, pages 18-21.

On December 31 President Truman approved the recommendation in a memorandum of the previous day by Acting Secretary of State Lovett that Gerald A. Drew be appointed United States Representative on the United Nations Special Committee on the Balkans (501.BB Balkan/12-3148).

CONCERN OF THE UNITED STATES FOR THE WELFARE
OF THE PEOPLES OF BULGARIA, HUNGARY, AND RO-
MANIA; EFFORTS TO ACHIEVE THE TERMS OF THE
TREATIES OF PEACE, AND TO PROTECT UNITED
STATES INTERESTS ¹

864.00/1-648 : Telegram

The Minister in Hungary (Chapin) to the Secretary of State

SECRET

BUDAPEST, January 6, 1948—2 p. m.

16. Situation in Hungary not yet deteriorated to point described for Bulgaria (Sofia's 50 December 31).² Undoubtedly the western outlook Hungarian people, greater and more enlightened strength Roman Catholic and Protestant Churches as opposed to Orthodox Church, geographical location country, advanced stage education and culture, greater industrialization and above all Hungarian popular consciousness constituting island in Slavic sea, have combined to slow process Sovietization.

Political control of government however is in fact if not in appearance complete, and all effective opposition has fled, been imprisoned or cowed into silence. Process economic and social Sovietization can now go forward more or less at will although too rigid forcing might create unrest particularly peasant masses. A groundwork being laid Sovietization Hungarian economy through outright Russian control former German assets, nationalization heavy industry and more recently of banks which have always not only controlled but managed Hungarian industry. Control agriculture however lagging behind and Rakosi³ admitted to me Saturday January 3 that forced extension cooperative

¹ For previous documentation on United States relations with the Balkan states, see *Foreign Relations*, 1947, vol. iv, pp. 1 ff. For documentation on the preparation of the treaties of peace with Bulgaria, Hungary, and Romania in 1946, see *ibid.*, 1946, volumes II, III, and IV. For documentation on the signing (February 10, 1947), ratification, and deposit of ratification of the treaties, see *ibid.*, 1947, vol. III, pp. 515 ff., and for documentation on the efforts by the United States during 1947 to secure implementation of the treaties, see *ibid.*, 1947, vol. IV, pp. 1 ff. For the texts of the Treaties of Peace with Bulgaria, Hungary, and Romania, see Department of State *Treaties and Other International Acts Series* Nos. 1650, 1651, and 1649, respectively.

Documentation on the interest of the United States in the dispute between Yugoslavia and the Communist Information Bureau is presented separately, pp. 1054 ff.

² Same as telegram 1248 from Sofia printed in *Foreign Relations*, 1947, vol. IV, p. 190.

³ Mátyás Rakosi, Hungarian Deputy Prime Minister and General Secretary of the Hungarian Communist Party.

system to peasants must be slow although government hoped to intensify educational projects this direction this year and next.

Packed judiciary complemented by peoples' courts drawn extreme left-wing with secret economic and political police such as to keep all Hungarians in line. Such domestic newspapers as not sympathetic to Communist cause have been suppressed and freedom speech assembly long since disappeared.

Through purges, recruitment and training a small new Hungarian Army completely loyal to Communists now being formed which with an already greatly expanded and well indoctrinated police should effectively control situation once Russian troops removed and which should form cadre for such expansion as later thought necessary integrate Hungary in satellite military system.

Nevertheless vast majority Hungarian people all ranks and classes look toward west and hope for liberation from Russian satellite control. Illustration was joke, widely circulated in Budapest regarding poster of Tito⁴ displayed time his visit, which stated Hungarian people "100% for Marshal Tito" translate "95% for Marshall and 5% for Tito".

Concur generally in Minister Heath's⁵ opinion that every month sees further Communist consolidation and unless we can halt this process before long Hungary also will be closed territory which can be opened only by military force. As I see it from here however and have reported to Department in my despatches 3284, July 22⁶ and 3470 October 2,⁷ remedies at our disposal are extremely limited and becoming more so. What might have been effective two years ago was no longer possible last July and what might have been effective last July is of diminishing value today.

1—Specifically I doubt whether protest on treaty violations invoking Article Two would be effective so far as Hungarian developments unless we can pursue matter further than expression high moral principles. However Department may wish to evaluate utility of protest should it be considering raising Hungarian and satellite case with carefully selected and well-documented instances of treaty violations.

2—No case could be made as yet with regard to Hungarian violation of military clauses of the treaty.

3—Publicity is of course of maximum utility and constitutes our best weapon. It is for this reason I hope that bulletin⁸ which has per-

⁴ Marshal Josip Broz-Tito, Yugoslav Prime Minister and Minister of Defense.

⁵ Donald R. Heath, American Minister in Bulgaria.

⁶ *Foreign Relations*, 1947, vol. IV, p. 340.

⁷ *Ibid.*, p. 384.

⁸ The Department of State Wireless Bulletin, a daily review of statements and events relating to American foreign policy, was prepared by the International Press and Publications Division of the Department of State and transmitted overseas for the information of Foreign Service Officers and for publication of appropriate parts in the foreign press.

haps wider circulation here than in other satellite countries may be continued at present high level. In view of difficulties attending continued work of AP correspondent De Luce here (mytel 2021, December 30) ⁹ doubt effectiveness or even possibility of obtaining permission for more American press correspondents inside Hungary even should they be willing become routine stooges. Rakosi informed me Saturday that if American correspondents reported "unfriendly lies" about Hungary he would prefer to have them do so from Vienna rather than from Budapest since this at least detracted from verisimilitude.

4—Hungary is of course not so closely tied up with the Greek situation ¹⁰ as is Bulgaria although campaign to raise funds for Greek insurgents is gathering momentum and reports of subsidies for Hungarian recruits to internal [*international?*] legion are partly confirmed. Threat of Hungarian Government in exile would have little value unless it should include personalities of greater leadership than those now in United States, unless there was neutral border touching Hungary across which such government might communicate and unless US and UK prepared to give such government some support.

In conclusion I still feel that even though vast majority Hungarian people are anti-Russian and favor western democracy it most essential to make a categorical and specific declaration of our policy aims in southeastern Europe including repudiation support for all reactionary groups representing Horthy ¹¹ régime and feudalism (my despatch 3482, October 22). ⁹ Fact must be kept firmly in mind that to peoples accustomed to existence scarcely above subsistence level and but recently freed from feudalism, socialist economy of itself does not arouse particularly poignant fear or hatred, although expanding Russian absolutism and concomitant terror campaign by native Communist agents of Mother Russia with complete denial four freedoms do. Europeans in general and Hungarians in particular have had centuries experience with Russian imperialism whether under old or new czars; they able to perceive its insatiable appetite and objectives unchanged whatever may be its outward dress or strategy.

Accordingly suggest theme of dynamic and progressive political democracy must be hammered continually together with carefully differentiated theme combating Russian imperialism rather than Communist ideology. Until we recover initiative in semantics our propaganda this area will never be completely effective.

Sent Department 16; repeated London 1, Sofia 3, Bucharest 4, Belgrade 2. Department please pass to Moscow as 2.

CHAPIN

⁹ Not printed.

¹⁰ For documentation on the interest of the United States in the civil war in Greece and the violations of Greece's Northern frontier, see pp. 222 ff.

¹¹ Admiral Nicholas (Miklos) Horthy, Regent of Hungary, 1922-1924.

740.0011 EW (Peace)/1-948: Telegram

The Minister in Bulgaria (Heath) to the Secretary of State

SECRET

SOFIA, January 9, 1948—5 p. m.

28. Our policy and strategy for implementation military clauses peace treaty have been based upon assumption we to proceed unilaterally trying work in complete unity with British colleagues but avoiding any suggestion action tripartite basis in view procedural pitfalls and frustrations which may well result from establishment formal tripartite council. This policy derived from guidance contained Deptel 381 September 17¹ and SWNCC 244-7, September 10.²

As it our belief effective implementation military clauses treaty should no longer be delayed and as it obvious aim Bulgarian Government gain time by seeking invoke questions procedure and approach in answer simple requests for information re armed forces Bulgaria (Legtel 1167, December 10)³ enforcement Article 12 believed logical next step in program vigorous enforcement since US clearly has right inspect Greco-Bulgarian frontier for Bulgarian fulfillment their obligations. Furthermore, serious guerrilla activity aided and abetted by Soviet satellites along Greco-Bulgarian frontier⁴ would seem make inspection near future doubly advisable.

¹ Same as telegram 990, September 17, 1947, to Budapest, *Foreign Relations*, 1947, vol. iv, p. 29.

² *Ibid.*, p. 21.

³ In a note of October 7, 1947, the Legation in Sofia attempted to obtain information from the Bulgarian Foreign Ministry concerning the execution of the military clauses of the Bulgarian Peace Treaty; for the text of the note, see telegram 904, October 9, 1947, from Sofia, *ibid.*, p. 33. On December 9, 1947, the Bulgarian Foreign Ministry stated that, in accordance with Article 35 of the Bulgarian Peace Treaty, which called for concerted action by the heads of the United States, United Kingdom, and Soviet missions in Sofia, it would reply with United States request for treaty information only after a similar request had been received from the Soviet Embassy; for the text of the Bulgarian note, see telegram 1167, December 10, 1947, from Sofia, *ibid.*, p. 48. Acting on instructions from the Department, the Legation in Sofia sent a note to the Bulgarian Foreign Ministry on January 27, 1948, not printed, rejecting as unjustified the Bulgarian postponement of a response concerning the execution of the military clauses of the peace treaty pending the receipt of a concurring request from the Soviet Embassy. The Legation also communicated to the Soviet Embassy in Sofia on the same day to that effect. In the absence of a reply from the Soviet Embassy, the Legation in Sofia on March 5, 1948 sent a note to the Bulgarian Foreign Ministry, not printed, requesting before March 15, 1948 assurances concerning the size and maintenance of the Bulgarian armed forces. On March 15, 1948, a communication, not printed, was received from the Bulgarian Foreign Ministry stating that the Bulgarian Government had already officially informed the Secretary General of the United Nations stating that the strength of the Bulgarian armed forces was in conformity with the appropriate articles of the Bulgarian Peace Treaty. Texts of unprinted notes referred to here together with related correspondence are included in file 740.0011 EW (Peace).

⁴ For documentation regarding the concern of the United States over the civil war in Greece and the violation of the Greek-Bulgarian border by Bulgarian-supported guerrilla forces, see pp. 222 ff.

To assure unanimity action British colleagues were approached January 8 and conference held this Legation before submission proposal to Department. CIO developed fact British Minister has recommended his government establishment treaty machinery through early formation Council Ministers to consist British, Soviet and US Ministers to act in concert as set forth Paragraph 1 Article 35. As this would seem be at variance with Department's thinking on subject urgently request guidance on this basic concept.

On principle it would be wise avoid procedural pitfalls we proposed to British early carrying out inspection Greco-Bulgarian frontier for compliance Article 12. We could carry out such inspections after simple notification Bulgarian Government of intention do so, or alternatively could invite British and Soviet participation inspection not, however, to be contingent their participation.

During course conversation developed there difference opinion as to desirability inviting Soviet participation since strong possibility exists Soviets would use customary stalling tactics or that Bulgaria would formally refuse permission US inspect in absence three power agreement on participation. On other hand it may be argued the failure invite Soviet (and British) participation might be construed as attempt evade Paragraph 1 Article 35.

If British concept that Council of Ministers should be established near future is accepted presumably one council's first tasks would be proposed inspection Greco-Bulgarian border. Assuming customary Soviet obstructionism we and British would still take position we retained individual freedom action although it would be slightly more difficult maintain that position once council established.

In any event before proceeding further it seems essential agreement be reached between London and Washington on general question whether we are at this time to invoke machinery Paragraph 1 Article 35 or whether we should seek retain freedom action under Paragraph 3 Article 35 long as possible. Whatever decision may be reached on this principle obviates in no way urgency carrying out at once inspections Greco-Bulgarian frontier to be followed on or after March 15 by inspections Bulgarian Military establishments accordance terms treaty.

To recapitulate we feel there four alternatives:

(1) (a) Inform British and Soviet Legations our intention survey (inspect) Greco-Bulgarian frontier for compliance Article 12 and invite participation therein; however, conduct inspection not to be contingent upon acceptance by either.

(b) Upon receipt affirmative or negative replies or after lapse one week: (1) note would be despatched Bulgarian Government to in-

clude substantially information to effect; (2) inspection will be made Greco-Bulgarian frontier (areas to be delineated) for Bulgarian fulfillment Article 12; (3) inspection party will depart say two days after delivery note; (4) composition inspection party will be set forth and Bulgarian Government invited send liaison officer if they so desire.

This may possibly give Bulgarian Government opportunity attempt block inspection by invoking Paragraph 1 Article 35. In that event believe such premise should be refused and our rights asserted through immediate despatch inspection party frontier zone.

(2) Follow procedure outlined in (1) above except other Legations would not be invited participate but simply furnished copy note intention to Bulgarian Government.

(3) Either British Legation or ourselves notify Bulgarian Government of intention inspect frontier zone and proceed area as clear right. In absence written authority and advance arrangements from and by Bulgarian Government very probable visiting party would be refused entry frontier zone.

(4) Endeavor setup at once Committee of Ministers under Article 35 and propose visit inspection under Article 12 as first task treaty implementation.⁵ If Soviets object or procrastinate we should declare we consider it our right and duty proceed independent inspection and if obstructed in this by Bulgarian Government Soviets would follow procedure for settlement disputes established Article 36.

If Department agrees time propitious inspect Greco-Bulgarian frontier I incline favor continue policy unilateral action and conduct actual inspection through method set forth on above. This based on following:

(a) failure invite Soviet (and British) participation may well be construed and denounced as attempt unilaterally enforce treaty in contravention Paragraph 1 Article 35;

(b) Soviet refusal participate or any delaying tactics employed would strengthen our case; (c) If Bulgarian Government refuses permission US inspect and we actually assert our right do so by despatch inspection party, stoppage at point entry frontier zone as will probably occur, would be ample reason invoke Article 36 and if properly publicized have dramatic effect public opinion.

Before embarking on projected inspection, it of utmost importance our Government's London and Washington have clear agreement as to subsequent action be taken in event obstruction delay or actual re-

⁵ In telegram 35, January 16, 1948, to Sofia, not printed, the Department replied in part as follows:

"We do not favor at this time setting up Committee of Ministers except when necessary on *ad hoc* basis particularly since such action might create precedent for Sovs in Italy. We do not feel such *ad hoc* consultation military clauses yet opportune." (740.0011 EW (Peace)/1-948)

fusal entry frontier zone and that appropriate instructions be forthcoming.⁶

British Minister telegraphing in same sense to Foreign Office except no preference as between alternatives.

Sent Department 28, repeated Athens 2, Bucharest 5, Budapest 3, London 5, Moscow 1.

HEATH

⁶ In late January 1948, the Department decided to authorize the Legation in Sofia to carry out an inspection of the Greek-Bulgarian frontier in pursuance of article 12 of the Bulgarian Peace Treaty. Notes were addressed to the British and Soviet missions in Sofia on February 3, 1948 informing them of the desire of the United States to survey the frontier and inviting their participation. The Department felt that if the Bulgarians blocked the inspection, which was fully expected, it would demonstrate to the United Nations and to world opinion the Bulgarian Government's intransigence and designs toward Greece. The British agreed to the proposal, but on February 18, 1948, the Soviet Embassy in Sofia notified the Legation that it would not designate a representative to participate in the frontier inspection since there was no evidence that Bulgaria had violated treaty provisions. In a note to the Soviet Embassy on February 27, the Legation in Sofia refuted the Soviet arguments and invited the Soviet authorities to reconsider the invitation to participate in the frontier inspection. The British Legation in Sofia submitted a similar note to the Soviet Embassy. In the absence of any further reply from the Soviet Embassy on the matter, the Legation in Sofia notified the Bulgarian Government on March 17 of the American intention to inspect the frontier. On March 26 the Bulgarian Foreign Ministry replied to the Legation note in an extremely negative manner, adding a veiled threat that it could not assume any responsibility for the consequence of acts which did not conform to the peace treaty and which infringed the sovereignty of Bulgaria. No unilateral inspection of the frontier by American authorities was attempted. Documents on the efforts to carry out inspection of the Greek-Bulgarian frontier under the terms of the peace treaty are included in file 740.0011 EW (Peace).

874.00/1-1448: Telegram

The Minister in Bulgaria (Heath) to the Secretary of State

CONFIDENTIAL

SOFIA, January 14, 1948—10 a. m.

40. According Legation's information Prime Minister¹ was listening in his office to radio broadcast of GNA proceedings when Lulchev² Socialist (the seven remaining opposition Deputies whose heroism in speaking now against government is equalled only by blatant bullying of Prime Minister) criticized government's budget proposal. Prime Minister rushed from his office and stamped melodramatically into the Chamber where he delivered himself of the crazed tirade quoted in my next following telegram.³ Speech is boldest and most cynical taunt flung by Prime Minister since execution of Petkov.⁴

¹ Gheorghi Dimitrov, Bulgarian Prime Minister and Secretary General of the Bulgarian Communist Party.

² Kosta Lulchev, leader in the Bulgarian Independent Socialist Party and Deputy in the Bulgarian Grand National Assembly.

³ Telegram 41, January 14, from Sofia, not printed (874.51/1-1448).

⁴ Nikola Petkov, leader of the Bulgarian Agrarian Union who was executed in October 1947 on charges of alleged crimes against the state. For documentation on the efforts of the United States to intervene in Petkov's trial and execution, see *Foreign Relations*, 1947, vol. iv, pp. 167 ff.

Despite emotion of language speech is candidly expressive of dominant Communist political thinking and succinctly enumerates points many times enumerated by Legation in past as sensitive spots in Bulgarian political structure which could have offered opportunity to impede Communist quest for absolute power now nearly final. He gloats over aid and comfort he received from efforts to "normalize" relations and to avoid "provocation".

He has now reached this ultimate truculence and defiance to the point where he proclaims what fate will befall the last of the opposition when war comes or before and speaks of final victory.

This speech in very words of Prime Minister himself shows how far the fortification of this Communist advance post has proceeded. But it also illustrates frantic reaction to movement of one US Marine Battalion.⁵

HEATH

⁵ At the beginning of January 1948, units of the 2nd Marine Division left the United States for assignment aboard United States warships in the Mediterranean.

874.001/1-1448: Telegram

The Minister in Bulgaria (Heath) to the Secretary of State

SECRET URGENT
 NIACT

SOFIA, January, 14, 1948—1 p. m.

47. Attention Hickerson¹ and Barbour.² For Lovett from Heath. I suggest you read Prime Minister Dimitrov's speech transmitted Legtel 40 [41], January 14.³ Seldom in recent history has there been public utterance on part of chief of government so cynically truculent and so brutally vindictive. Speech is one taunting sneer at US impotence, at generous interest accorded by American Government and people to Petkov's martyrdom and at our long-suffering and patient efforts normalize relations and help Bulgarian people on road recovery and national integrity. Protected by his now nearly absolute power and encouraged by his successes and immunity to date he feels he can with impunity fling such challenges in our face and openly avows his intention to exact, when war comes or before, vengeance on those who do not prostrate themselves before him. In bald words Prime Minister

¹ John D. Hickerson, Director, Office of European Affairs.

² Walworth Barbour, Chief, Division of Southern European Affairs.

³ Telegram 41, January 14, from Sofia, not printed, but see telegram 40, *supra*.

of defeated country bound in its peace treaty guarantee to its people "human rights and fundamental freedoms" hurls threat of death from podium of his Legislative Assembly in retaliation against seven elected deputies who offered no more than normal parliamentary criticism government's budget proposal.

We realize that in larger scheme of things and considering exigencies of strategy, Bulgaria may not in Department's eyes be primary tactical arena. Be that as it may (and I have set forth my views this regard in Legtel 1248, December 31)⁴ in this instance I feel honor and good faith US are in jeopardy and in our concentration on other urgent issues we should not ignore that it is a jeopardy that is dangerously contagious. It moreover matter which concerns not only public opinion and belief in America and eastern Europe but also Bulgarian Government itself. For if we fail publicly to react to this bald challenge we are by our silence acquiescing in that government's mockery of treaty observance and are encouraging it on path that leads only towards war.

Therefore I recommend statement on your part with view to reproducing strong world reaction that attended your statement on hanging of Petkov. Since only portion Prime Minister's speech transmitted by local representatives of US press I suggest that it be accompanied by carefully translated text of speech as transmitted by Legation. In following telegram⁵ I venture suggestions as to contents statement.

Publicity produced by such statements should, I would think, be helpful in pointing up urgency and importance of larger constructive program of US in furthering recovery and peace in democratic west. It would also prepare ground for later and more cogent measures which Department may decide take here⁶ (see last six paragraphs Legtel 1248, December 31).

HEATH

⁴ *Foreign Relations*, 1947, vol. iv, p. 190.

⁵ Telegram 49, January 14, from Sofia, not printed (874.00/1-1448).

⁶ There was no reply to this telegram.

Editorial Note

On January 14, 1948, Lieutenant Colonels Bernard Thielen and Peter J. Kopcsak, Military Attaché and Assistant Military Attaché, respectively, of the Legation in Budapest, while on a routine trip of official nature, were arrested by Soviet troops in Hungary and abducted across the Hungarian frontier to Vienna where intervention of American authorities effected their release. In a note to the Hungarian Foreign Ministry on January 19, 1948, enclosing the gist of

sworn statements by Colonels Thielen and Kopesak regarding the circumstances of their arrest and detention, the Legation in Budapest expressed the view that the case involved a violation of Hungarian sovereignty by Soviet military authorities; for the text of the note, see Department of State *Bulletin*, February 22, 1948, page 244. On January 21 the Legation in Budapest received a note from the Soviet Minister in Budapest which charged that Colonels Thielen and Kopesak had refused to submit proper identification papers and had violated generally known rules in entering a Soviet military area without previous permission. The Soviet Minister expressed the hope that the "offenders be punished, lest such incidents occur in the future". On February 7 the Embassy in Moscow delivered a note to the Soviet Foreign Ministry protesting the arrests of Colonels Thielen and Kopesak and requesting that appropriate orders be issued to Soviet troops to ensure that Hungarian sovereignty be respected and that such incidents did not occur in the future. The Legation in Budapest concurrently delivered notes to the Soviet Legation in Budapest and to the Hungarian Foreign Ministry; for the texts of the notes of February 7, see *ibid.*, pages 247-248. In a note of March 1 to the Embassy in Moscow, not printed, the Soviet Foreign Ministry rejected the American protest and denied that Soviet military authorities had acted improperly or had infringed Hungarian sovereignty. The Hungarian Government had earlier similarly rejected the American protests. (121.5464/3-148)

871.00/1-1748 : Telegram

The Secretary of State to the Legation in Romania

CONFIDENTIAL

WASHINGTON, January 17, 1948—2 p. m.

47. Dept thinking in regard to recognition changes Rum constitutional structure (urtel 38 Jan 9 and previous¹) premised 1) on desirability maintain Leg Bucharest for purposes set forth publicly when your appointment announced,² 2) our wish to minimize implications our acceptance developments which could be exploited Soviet advan-

¹ In a note of January 3, 1948, to the Legation in Bucharest, not printed, the Romanian Ministry of Foreign Affairs stated that the Romanian Chamber of Deputies had, on December 30, 1947, taken note of the abdication of King Michael I of Romania that same day and had voted a law by which Romania had been declared a Popular Republic. Telegram 9, January 6, to Bucharest, not printed, authorized the Legation to acknowledge the Romanian note of January 3 and in the absence of new developments to carry on relations with the Romanian Government as before (871.00/1-448).

² In a statement to the press on August 3, 1947, Department of State *Bulletin*, August 3, 1947, p. 229, the Department of State stated that the nomination of Rudolf E. Schoenfeld as Minister to Romania did not imply consent to recent actions of the Romanian Government.

tage. In our view your acknowledgment FonOff note followed by conduct normal relations between Leg and Rumanian People's Republic satisfactorily accomplishes transition within above concept and we consequently do not contemplate initiating further action at this time.

If Rums indicate new credentials desired, we will give further consideration compliance such request. Meanwhile, if asked publicly Dept will say that US Govt is continuing relations with Rum Govt with a view to following developments in Rum, protecting American interests there, and as manifestation its concern for welfare of Rum people.

As regards assumption by new regime of obligations predecessor, Dept prepared forego opportunity seek specific commitment this connection. Responsibilities of successor Govt for obligations predecessors established international law. Record authorities in power does not suggest that sufficient practical weight would be given by them to affirmation this nature as to effect materially their current disregard formal obligations which conflict their totalitarian objectives.

In response to inquiry, Dept informing Brit Amb Washington its views on above.

Sent Bucharest, rptd London, Moscow and Bern.

MARSHALL

811.20200(D)/1-2648 : Telegram

The Secretary of State to the Legation in Hungary

SECRET URGENT
NIACT

WASHINGTON, January 26, 1948—6 p. m.

78. In line Deptel 1215 Nov 28¹ and view expressed paragraphs 1 and 4 urtel 108 Jan 20,² Dept believes that issue re Leg Bulletin, which may also arise other curtain countries, should be faced uncompromisingly at this time and Hun demands rejected, even though such course

¹Not printed; it stated the opinion of the Department that any demand of the Hungarian Government for the licensing or censorship of the Department's Wireless Bulletin should be refused on the grounds that Hungarian Government press decrees were not applicable to the Legation (864.918/11-2547).

²In communications to the Legation on January 18 and January 21, the Hungarian Foreign Ministry requested that henceforth the distribution of the Department's Wireless Bulletin be limited to a list of addresses agreed upon between the Legation and the Foreign Ministry and that the Bulletin avoid publication of comments directed against Hungary and the neighboring states. In telegram 108, January 20, from Budapest, Minister Chapin expressed the view that to accede to the Hungarian requests would: (1) constitute a damaging precedent exploitable in other Communist satellite states; (2) serve as a basis for future demands of the Hungarian Government further to limit the distribution and content of the Bulletin; (3) substantially reduce American prestige in Hungary; (4) be taken as evidence of diminishing American interest in Hungary; (5) cause further demoralization of the remaining anti-Communist elements within Hungary (111.33 Information Service/1-2048).

may eventually result in forceful blocking by Hun authorities of distribution. Dept has considered possible advantage to be gained by US in making concession which might be useful Molnar,³ but in view FonMin's apparently uncertain tenure office (London's 218 Jan 20 rptd Budapest 6)⁴ feels that such gesture would be wasted in existing circumstances and that, in any event, such consideration outweighed by desirability maintaining uncompromising stand against Communist anti-Amer pressure and encroachments basic freedoms. Therefore, following is proposed, if you agree, as substance US reply to FonOff's notes Jan 18 and 21 (Legtels 114 Jan 21, 94 Jan 18,⁵ and previous):

Begin: FonOff notes Jan 18 and 21 concerning Leg Radio Bulletin have been referred my Gov. Consideration has been given to two points which FonOff has raised, namely, contents of Bulletin and distribution of copies. As US Min stated conversation with FonMin Molnar Jan 14, contents of Bulletin and specifically those items referred to in FonOff's *aide-memoire* Jan 9 fall into two categories: (1) policy statements by high ranking, responsible US Gov officials and (2) press comments and Amer public opinion on significant national and international developments.

My Gov rejects FonOff contention that contents of Radio Bulletin "directed against Hun democracy and neighboring states impairing by prejudicial attitude friendly relations between Hun and other states". Bulletin not directed exclusively to Hungary or to any particular segment Hun population but is textually same as Bulletins issued US Embs and Legs in practically all countries and is available to all persons interested in public statements Amer opinion.

As to second point raised FonOff note, Leg agrees that in general Bulletin is destined for professional categories of persons, including those mentioned in FonOff note. However, in addition, Leg feels it cannot agree to deny Bulletin to persons in other categories who may express an interest in receiving it. Therefore, in circumstances, Leg regrets unable comply request set forth FonOff notes that list addresses be compiled jointly by Leg and Hun FonOff. *End*

If Hun Gov by way reaction foregoing US reply resorts measures closing mails and forbidding reading or possession copies Bulletin, Leg should nevertheless continue for time being prepare sufficient copies Bulletin that it may be available to anyone who may call for it at Leg or for such other disposition as the Leg may be able make of it in circumstances. In this connection, Dept believes contention that Hun press laws not applicable Leg Bulletin (Deptel 1215 Nov 28 and Legtel 98 Jan 19)⁶ questionable except so far as preparation and distribution document on Leg premises concerned and that, as in case films, authority Hun Gov to control distribution outside Leg cannot in any event be effectively contested.

³ Erik Molnar, Hungarian Foreign Minister.

⁴ Not printed.

⁵ Neither telegram under reference is printed; see footnote 2, p. 289.

⁶ Neither printed.

[The remaining portion of this message was concerned with personnel assignments in connection with the preparation of the Bulletin translations at the Legation in Budapest.]

MARSHALL

Editorial Note

On February 2, 1948, the Minister in Romania, Rudolf E. Schoenfeld, transmitted to the Romanian Foreign Ministry a note protesting in detail the Romanian violations of human rights articles of the Romanian Peace Treaty. For the text of the note, copies of which were also communicated to the British and Soviet Chiefs of Mission in Bucharest, see the Department of State *Bulletin*, February 15, 1948, pages 216-218. The note was prepared during December 1947 and January 1948 in consultation with the British Government. The British Chargé in Bucharest presented a parallel note to the Romanian Foreign Ministry on February 2. In a note of February 8, 1948, the Soviet Embassy in Bucharest stated that it could not accept the American note of protest since its contents had no connection with the fulfillment of the Romanian Peace Treaty and constituted interference in Romania's internal affairs. The Romanian Foreign Ministry replied similarly in a note of March 3, 1948, to Minister Schoenfeld, not printed. Documentation regarding this exchange of communications is included in Department file 740.0011 EW (Peace).

874.00/2-448 : Telegram

The Minister in Bulgaria (Heath) to the Secretary of State

CONFIDENTIAL URGENT
NIACT

SOFIA, February 4, 1948—midnight.

149. According very reliable informant indictment calling for death or life imprisonment was handed down tonight against Dimiter Gitchev.¹ Understand Gitchev accused of conspiracy against Government on behalf foreign imperialists. Device used in Petkov trial namely of placing Gitchev on trial in company with several self-confessed accomplices probably is to be employed. These co-defendants apparently will be Dimiter Ivanov, Dimiter Malkovsky, Irrdan Vlazov and Katia Stefanova, who are to be linked with Greek "fascists".

¹ Leader in the Bulgarian Agrarian Union. An indictment of Gitchev and four alleged co-conspirators was issued by the Bulgarian Government on February 5.

Democratic record of Gitchev will be well-known to Department which will realize how transparently false must be this indictment. If indictment is confirmed tomorrow as I believe it will be I trust Department will be fully prepared issue immediately strong condemnation along lines that which followed arrest of Petkov not failing draw parallel between two cases. In this connection I feel it useful to point out that Gitchev following arrest and execution of Petkov was in constant and close touch with Legation and that there is absolutely no doubt of his democratic sympathies and outlook.

HEATH

874.00/2-648 : Telegram

The Secretary of State to the Legation in Bulgaria

WASHINGTON, February 6, 1948.

87. In response to correspondent's request for comment on Gitchev case Department spokesman today stated :

"Department has received reports from American Legation Sofia concerning indictment, calling for death penalty or life imprisonment, which has been brought against Dimiter Gitchev, prominent Agrarian opposition leader. Mr. Gitchev has a long and impressive record as defender of democratic principles in Bulgaria.

Viewed against background of present Bulgarian regime's past and current record and recent statements by Bulgarian officials, charges against Mr. Gitchev and preparation for his trial, resemble so closely case of Nikola Petkov as to suggest strongly Bulgarian Government's intention again to disregard its treaty obligations with respect to securing to its citizens the most basic human rights." ¹

MARSHALL

¹ Telegram 88, February 9, to Sofia, provided the following explanation of this Departmental statement :

"Dept believes statement re Gitchev has served notice of US Govt's interest in case and that, in absence of compelling reasons therefor, additional official statements are undesirable while case is *sub judice*. Assume Leg observer (presumably in capacity of Leg press officer as in Petkov trial) present trial. American press representation also of course desirable. Dept will endeavor give trial fullest possible VOUSA coverage." (874.00/2-948)

On April 16 Gitchev was sentenced to life imprisonment for acts against the Bulgarian Government. In telegram 504, April 16, from Sofia, not printed, Minister Heath again urged a Departmental statement of condemnation regarding the Gitchev trial and sentence (874.00/4-1648). Telegram 281, May 6, to Sofia, not printed, replied that in the absence of American press reports, comments on the Gitchev verdict, or inquiries from correspondents, the Department felt that a statement "would appear out of focus here". (874.00/5-448)

870.00/2-948: Telegram

*The Ambassador in the Soviet Union (Smith) to the Secretary of State*¹

SECRET

Moscow, February 9, 1948—6 p. m.

253. 1. Embassy agrees that Balkan Federation² under Communist domination has long been international Communist concept of political organization that area, particularly following concrete formulation this concept at Fifth Comintern Congress 1924.

2. However, this idea was contemporaneous with corollary Leninist concept of USSR as instrument of world revolution rather than Stalin's concept of world revolution as instrument of Soviet state. Increase Soviet strength during and since war and possibilities direct domination opened up and exploited thanks to presence Red army, and particularly developments of past half year (e.g. rejection satellites for UN membership,³ Marshall Plan, Western Union⁴ on one side, and development orbit treaty network on other) have probably made any full-fledged Balkan political federation seem much less attractive. In our opinion, Soviet Control must be regarded as "final goal" or "ultimate aim", and political combinations in eastern Europe will be weighed, adopted or rejected by Kremlin on basis effectiveness in achieving this end. (Deptel 152, February 4)⁵

3. Simplest and surest formula, administratively, would appear to be incorporation East Europe states in USSR under Soviet nationalities formula. This probably "eventual pattern of organization which Moscow foresees for area" and indeed for whole world, but its application is, of course, envisaged only for happy far-distant future, in

¹ Telegram 195, February 14, from Sofia, not printed, stated that the Legation in Sofia was in full agreement with the analysis contained in this telegram (870.00/2-1448).

² On November 27, 1947, Marshal Tito and Bulgarian Prime Minister Dimitrov signed a Yugoslav-Bulgarian Treaty of Friendship, Cooperation and Mutual Assistance at Evksinograd (Euxinograd) near Varna, Bulgaria. The treaty formalized the terms of an agreement reached at a Tito-Dimitrov conference at Bled, Yugoslavia, in August 1947. The Yugoslav and Bulgarian press indicated that the treaty was a forerunner of a federation of the two countries. Similar treaties of friendship, cooperation and mutual assistance were concluded in January 1948 between Bulgaria and Romania and between Romania and Hungary.

³ For documentation regarding United States policy toward the admission of new members into the United Nations, see volume I.

⁴ For documentation regarding a possible Western European Union involving the United Kingdom, France, Belgium, the Netherlands, and Luxembourg, see vol. III, pp. 1 ff.

⁵ Telegram 152, February 4, to Moscow, repeated to Paris, Belgrade, Sofia, London, Bucharest, and Budapest, not printed, requested comment regarding the possibility of a temporary shift or a fundamental repudiation of the allegedly hitherto accepted concept of a Balkan Federation under Soviet domination as a final goal of Soviet foreign policy (870.00/1-3048).

view impact even partial application would have on world opinion all shades.

4. As long as Kremlin is fighting Western Union and even lesser potentially hostile combinations such as Saadabad pact, Arab League and Greater Syria, it follows propaganda line laid down in *Pravda's* rebuke to Dimitrov ⁶ and Molotov ⁷ remarks on occasion signing Soviet-Rumanian treaty, ⁸ binding the orbit countries tightly to USSR and to each other while decrying blocs.

5. At later stage, Balkan-Danubian Federation may appear useful tool to facilitate control, particularly as possible method to solve historic territorial conflicts in area by providing "autonomous" status for such districts and Macedonia, Transylvania and Dobrnja.

6. We doubt, however, that Kremlin would ever trust even the most subservient henchman to organize Baltic to Aegean Federation apparently contemplated by Dimitrov.

7. There has doubtless been federation talk among international Communists and Kremlin in recent months, and tentative plans for small or larger federation may well have been worked out. It is hard to believe, in fact, that Dimitrov would have made remarks he did unless such talk was in the air and he thought acceptable to Moscow. However, he was clearly caught under full sail by Bevin's blast next day and had to be repudiated. Furthermore, there is too much evidence of Dimitrov not being full favor to discount idea opportunity taken to clip his wings. Once "faithful" warned by shot at Dimitrov against being caught off base without orders only natural *Humanité* ⁹ try to create impression no basic split in party front (Paris 578 to Department February 2).¹⁰

8. Possible Soviet designs regarding future Poland and eastern Germany present considerations of special nature on which we will comment separately.

⁶ On January 17 on his return to Sofia from Bucharest where he participated in the signing of the Treaty of Friendship, Cooperation and Mutual Assistance between Bulgaria and Romania, Bulgarian Prime Minister Gheorghi Dimitrov made a statement to the press in which he indicated support for a possible federation of Eastern European countries including Albania, Bulgaria, Yugoslavia, Romania, Hungary, Czechoslovakia, Poland, and possibly Greece. On January 28 the newspaper of the Communist Party of the Soviet Union, *Pravda*, carried a note by the editors rejecting Dimitrov's position on the possible creation of an Eastern European federation; for the text of the note, see *Documents on International Affairs 1947-1948*, selected and edited by Margaret Carlyle and issued under the auspices of the Royal Institute of International Affairs (Oxford University Press: London, New York, Toronto, 1952), p. 297.

⁷ Vyacheslav Mihailovich Molotov, Soviet Foreign Minister.

⁸ Treaty of Friendship, Cooperation and Mutual Assistance between the USSR and Romania, signed in Moscow on February 4, 1948. For the text of this and other treaties constituting the Soviet alliance system in Eastern Europe, see Department of State *Documents and State Papers*, July 1948, pp. 219 ff. and March and April 1948, pp. 681 ff.

⁹ The newspaper of the Communist Party of France.

¹⁰ Not printed.

Sent Department, Dept repeat Paris as 33, Belgrade as 10, Sofia as 5, London as 12, Bucharest as 5 and Budapest as 7.

SMITH

864.00/2-1148 : Telegram

The Minister in Hungary (Chapin) to the Secretary of State

SECRET

BUDAPEST, February 11, 1948—11 p. m.

218. Re Department's 117, February 4.¹ Since my telegram 16 January 6,² Communist control in Hungary and incidentally whole south-eastern European area has been further reinforced and tightened. From point of view Hungary alone following may be cited:

Conference Budapest of military missions and border guards from southeastern satellites as well as Czecho; all but consummated merger Hungarian Communist and Social Democratic parties; signature and ratification of Rumanian-Hungarian mutual assistance pact;³ sweeping purge of Hungarian Foreign Office and other ministries; supine acceptance by Hungarian Government of Russian violation of territory in Kopcsak-Thielen case.⁴

Of even more importance was secret instructional lecture given by Soviet Legation to Hungarian Communist official on tactics to defeat ERP and on necessity expansion Soviet sphere (mytel 217, February 11),⁵ which might be termed briefing session prior departure top Hungarian officials to Moscow in response to summons presumably for purpose signing friendship and mutual aid pact⁶ along lines similar Rumanian-Soviet agreement.

As seen from here, significance of *Pravda* Dimitrov article would appear to be largely tactical in nature and considerations mentioned in Moscow's 167, January 30,⁷ and Belgrade's 78, January 18,⁵ to Department would seem fit this tactical conception.

¹ Same as telegram 152, February 4, to Moscow; see footnote 5, p. 293.

² *Ante*, p. 279.

³ For the text of the Treaty of Friendship, Cooperation and Mutual Assistance between Romania and Hungary, signed in Budapest on January 24, 1948, see Department of State *Documents and State Papers*, July 1948, p. 247.

⁴ Regarding the Kopcsak-Thielen case, see the editorial note, p. 287.

⁵ Not printed.

⁶ For the text of the Treaty of Friendship, Cooperation and Mutual Assistance between the USSR and Hungary, signed in Moscow on February 18, 1948, see Department of State *Documents and State Papers*, July 1948, p. 235.

⁷ Not printed. It observed that the January 28 *Pravda* article opposing a Balkan Federation appeared to be a directive to Communist leaders of the satellite states. Embassy Moscow felt that among the considerations why the Soviet leadership did not wish to promote a Balkan Federation was that little would be gained from its establishment since the material advantages of a union had already been substantially achieved. Furthermore, a federation would involve the question of whether the Soviet bloc in the United Nations would suffer a loss of voting strength. Finally, Soviet propaganda had been insisting that the European Recovery Program and potential western European defensive blocs were directed at the destruction of the sovereignty and independence of smaller states (870.00/1-3048).

Whether for immediate future the states of southeastern Europe are: to remain nominally independent; to federate in loose or tight union or to be actually absorbed in Soviet Union itself these states (Hungary being case in point) have in fact already surrendered sovereignty in all but externals to Soviet Union and may be considered as much integral parts thereof as the Ukraine or Latvia, even though they continue endowed superficially for time being with certain attributes of local autonomy.

I had originally planned to develop this hypothesis more in detail in despatch to Department since I submit there remains considerable uncertainty in mind of average citizen of west states as to real meaning of Russian imperialism attributing thereto an altruistic missionary zeal for socialist world utopia rather than the pursuit of continued policy of power expansion. However, I now venture to suggest that Department may wish to give some further study to problem raised by this *de facto* absorption of sovereignty by Soviet Union.

As I see it, it is essential elementary Russian imperialist doctrine to propagate concept that Hungarian Communist Party, although a voluntary collaborator in Cominform, is fully independent and that new "peoples democracy" is being formed here on basis of spontaneous popular demand, although under benevolent protection of Moscow. Moreover, Russians sedulously foster theory here as further west (a theory often accepted even by enemies of Communist economic doctrine) that Communist pattern followed in Russia will evolve differently in other climates since basic principles are natural to all peoples rather than imposed from abroad.

By same token, Russians attempt build up idea that RPR [satellite?] states are fully sovereign in their attributes and wish especially close relations with Soviet Union only because of enlightened self-interest and gratitude.

It appears necessary for Russian leaders to maintain these fictions and to have them continue to find at least some acceptance in western popular mind, if they are to succeed in masking consequences of western extension their power grab.

I wonder whether we are not ourselves unconsciously but in effect actively sustaining ideologically dangerous fiction that Hungary and other "popular democracies" are sovereign in same sense as France or Belgium thereby confusing US popular opinion and strongly patriotic but uncertain elements particularly in western Europe concerning the true nature and real consequences of Communist utopia advocated by Soviet agitator. Moreover, we thus appear to condone through weakness in one area that which in another area where stronger we vehemently condemn.

I submit finally that this apparently continued willingness on our part to accept fictional sovereignty of the satellites may afford clue to another reason for Soviet disavowal of the proposed Danubian federation so boastfully espoused by Dimitrov and which had previously been the subject of unfettered conversation for some time in all circles including Communist throughout this area.

Sent Department. Department pass to Moscow 38. Repeated London 19, Paris 22, Belgrade 13, Sofia 20, Bucharest 24.

CHAPIN

870.00/2-1348 : Telegram

The Ambassador in Yugoslavia (Cannon) to the Secretary of State

SECRET

BELGRADE, February 13, 1948—5 p. m.

191. Supposing Deptel February 4 to Moscow, repeated Belgrade as 61,¹ invited additional comment from here on Balkan federation idea, we still register reserve for reasons given Embtel 78, January 18,² notwithstanding impressive reports from other sources.

As regards ultimate design we had hitherto accepted without much examination doctrine that Soviet aim was for eventual incorporation south Slav states in USSR. We now feel that even that requires new precision as to tone and redefinition as to substance.

Those who talk of long range absorption in centralized union usually couple it with supposed intention of subsequent decentralization, process which seems somewhat wasteful. Several people here have mentioned Ukraine as example. If it is true that some disciplining has been necessary there it has surely occurred to Moscow that much more difficulty would be encountered in Balkans where there are stubborn economic ideas, particularly among the peasants and advanced political consciousness in all levels of population. Problem of centrifugal forces discussed in last paragraph Embtel 9, January 4,² would also remain. There is enough latent trouble for Soviets in this region and enough suppressed nationalism to signal caution in promoting absorption idea.

If one means Moscow's bid for world or half world leadership, however, aim may well be counterfeit or "improved" United Nations under Soviet guidance. That goal could be reached under present system of indirect control of separate states, despite sneaking fondness of present governments for Lake Success. We agree that regional groupings might make a neater pattern.

¹ Telegram 152, February 4, to Moscow, not printed, but see footnote 5, p. 293.

² Not printed.

Looking at Soviet's immediate objectives, Balkan federation would hardly help their cause in either Germany or France. Italy can be better played by clandestine operations with Yugoslavia as backstop. Territorial claims against Austrian Carinthia make more sense on grounds Yugoslav nationalism is more elusive concept of broader correlated interests. Moscow is probably not yet ready to declare its claim to Trieste except through Yugoslav agency. In Greek affairs flexibility of present technique with advantages of alternate use of Albania, Bulgaria, and Yugoslavia as stooges on frontier seems too good to lose.

These tactical considerations should not obscure a basic Soviet objective in this part of Europe, control of the Straits. Though there has been less noise on this recently we think USSR's long term planning rates Aegean and the vistas beyond higher than Adriatic.

Sent Department 191; repeated Moscow, Paris, London, Budapest, Bucharest, Sofia, Warsaw, Athens.

CANNON

870.00/2-1348

*Memorandum by the Acting Chief of the Division of Eastern European Affairs (Stevens)*¹

SECRET

[WASHINGTON,] February 18, 1948.

Pravda's rebuke of Dimitrov has been the subject of telegrams from the missions in Moscow,² Paris,³ Belgrade,⁴ and Budapest.⁵ Both Moscow and Paris believe that incorporation of the satellite states in the Soviet Union is the ultimate objective of Soviet policy, quite apart from the question whether federation among any of them may be an intermediate step. The Moscow Embassy expressed the view in its telegram no. 253 of February 9 that incorporation in the Soviet Union is contemplated only for the far distant future. Later, however, Ambassador Smith, in commenting on the Polish-Soviet economic agreement, emphasized that it was his considered opinion and that of all the other officers of the Embassy that Poland will be the first of the satellites to be incorporated into the Soviet Union, that the timing will depend on international developments, particularly the deepening of

¹ This memorandum was circulated to John D. Hickerson, Director of the Office of European Affairs, Llewellyn E. Thompson, Deputy Director of the Office of European Affairs, Charles E. Bohlen, Counselor of the Department of State, and George F. Kennan, Director of the Policy Planning Staff.

² Telegram 253, February 9, from Moscow, p. 293.

³ Telegram 778, February 12, from Paris, not printed (870.00/2-1248).

⁴ *Supra*.

⁵ Telegram 218, February 11, from Budapest, p. 295.

the division between East and West, and that "absorption might well take place in the not too distant future".⁶

On the other hand, the Embassy in Belgrade (Belgrade's 191, February 13) has questioned the hypothesis, not only on the basis of the advantages of flexibility in the present arrangements, but in view of the long-range considerations of stubborn economic ideas among the peasants, advanced political consciousness in all levels of the population, and the centrifugal forces of local nationalism.

If the hypothesis of the Moscow and Paris Embassies as to the ultimate Soviet goal is accepted, it would appear, as the Moscow Embassy has said with respect to Poland, that the timing will depend upon international developments. In this connection it is suggested that the move toward union in Western Europe, signalized by Bevin's speech four days after Dimitrov's original interview, may well have helped to crystallize the development of thinking in the Kremlin which is suggested in Moscow's 253 of February 9. In other words, it may be that the seizure of the initiative by the U.S. through the ERP and the growing pressure toward union in Western Europe has speeded up the Soviet time-table for absorption of the satellites and caused the setting aside of the intermediate steps of confederation and possibly "pulverizing" (Paris' 778 of February 12). It would seem to follow, therefore, that if substantial progress is made under the ERP and if decisive steps towards significant integration in Western Europe are taken, this Government should be prepared for sudden and perhaps surprising developments in Eastern Europe along the lines of outwardly spontaneous clamor by the peoples of the satellites to seek the protection of mother Russia through incorporation in a Soviet Union led by the RSFSR (which is more and more put forward as the leader in the Union).

If the hypothesis of the Moscow and Paris Embassies is borne out by events, and if it is confirmed that the Soviet time-table has been drastically speeded up, this Government will be confronted with a dangerous dilemma. The Soviet Union will be responding to the U.S. moves by creating a situation in which it will be impossible to restore the freedom of the satellites without destroying the Soviet state itself. It is possible that if the ERP and the move toward union in Western Europe give promise of early success, the Soviet Government may conclude that the considerations militating against absorption which are mentioned in Belgrade's 191 of February 13 are outweighed by the necessity for presenting the West with a *fait accompli* which nothing short of war could undo. Thus the Soviet Union would have success-

⁶ Ambassador Smith's comments were made in telegram 282, February 12, from Moscow, not printed; for a summary of that message, see footnote 1, p. 814.

fully parried the U.S. effort to restore a situation of fluidity in Central and Eastern Europe, and thus the inner logic of its development which makes compromise impossible for the police state and drives it to total defeat or total domination would have again asserted itself.

The foregoing analysis attempts to describe the situation which this Government would face if the hypothesis of the Moscow and Paris Embassies that the Soviet Union may desire to absorb the satellites is correct. In my opinion, however, the weight of evidence lies rather with the position which has been taken by the Belgrade Embassy. There is nothing in the historical Russian policy of the past or in Marxist ideology to support the theory that incorporation of the satellite states is, or is likely to become, a Soviet objective. Whenever Russian imperialism has encountered a strongly nationalistic people, such as the Finns or the Poles, the device has been to set up an autonomous administration in some form, in which a pretense of national government is created while control rests with Moscow. After 25 years of Ukrainian membership in the Soviet Union Ukrainian nationalists are still a thorn in the side of the Politburo. Incorporation of such stubborn and determined nationalists as the Poles, the Finns and the Hungarians, for example, would merely multiply the problems already existing with the obstinate Ukrainians.

In addition to the major problem of integrating these alien peoples into the Soviet Union, there are further objections to such a step:

- 1) In spite of the Soviet nationality policy, experience has shown that the top officials in the constituent republics of the Soviet Union are overwhelmingly Russian. If this development occurred in the satellite states, as it probably would following their incorporation into the Soviet Union, nationalist pride might well be fanned into open resistance.

- 2) The maintenance of individual states permits Soviet propaganda to capitalize on defense of the independence and sovereignty of small states and insures substantial support for the Soviet position at international conferences.

- 3) The economic, social and cultural levels in the satellites vary considerably. By preserving the present system, Soviet institutions can be introduced into the individual countries as local conditions dictate. Incorporation into the Soviet Union would probably result in an attempt to impose Soviet institutions at a uniform pace which might lead to serious complications.

- 4) The present system permits Moscow to exercise ultimate control without devoting too much attention to the details of local administration. At the same time it permits a facade of national government to be maintained. This enables the Soviets in large measure to have their cake and eat it too. It is submitted that the Soviet Union is unlikely to desire to exchange this smoothly working arrangement for the dubious advantages of incorporation.

FRANCIS B. STEVENS

740.0011 EW (Peace)/2-2148: Telegram

The Minister in Romania (Schoenfeld) to the Secretary of State

CONFIDENTIAL

BUCHAREST, February 21, 1948—9 a. m.

209. I believe we here are now sufficiently advanced in our treaty work that we could greatly profit by a meeting of treaty personnel such as proposed by Ambassador Dunn (Rome's 665, February 14) ¹ and that we might also make some contribution to such a meeting. I accordingly warmly welcome and endorse his suggestion.

Our observation of Rumanian Government's ignorance of and indifference to its treaty obligations toward western nations convinces me that any substantial implementation is unlikely on basis negotiation and cooperative effort and that progress will largely depend on extent to which disputes provisions permit.

In our efforts to reach agreed claims procedure with Rumanian Government we have observed that while Oeriu SecGen of treaty commission ² and his assistants are courteous they are without power to act without the commission's approval. As this body is composed of officials of cabinet rank who are preoccupied with internal politics, official visits abroad (Budapest, Moscow et cetera) and reception of neighboring government delegations, treaty implementation has had a low and even non-existent priority.

Mme. [Ana] Pauker who is president of commission appears entirely ignorant of the problems involved and unacquainted with the substance of any single case. Her principal FonOff assistants, Preoteasa ³ SecGen and Mezincescu ⁴ director political section, are uninformed and morally illiterate as well as stupid in the degree of their exposure of these characteristics.

¹ Not printed. In it Ambassador James C. Dunn observed that while it appeared desirable to avoid establishing a formal or permanent council of Ambassadors to handle questions arising under the Italian peace treaty, he had found that meetings of the four Ambassadors (American, British, French, and Soviet) or their subordinates on an *ad hoc* basis to deal with problems which all agreed required joint consideration or action provided satisfactory machinery (740.0011 EW (Peace)/2-1448).

² In September 1947 the Romanian Government established an Inter-Departmental Commission for the Application of the Peace Treaty. Romanian Foreign Minister Ana Pauker was Chairman or President of the Commission and Dr. Simon Oeriu served as Secretary General and operating head.

³ Grigore Preoteasa, Secretary General of the Romanian Foreign Ministry, became Minister Counselor of the Romanian Legation in Washington in early 1948; declared *persona non grata* in December 1948 (see memorandum from Hickerson to Lovett, December 9, 1948, p. 392).

⁴ Eduard Mezincescu succeeded Preoteasa as Secretary General of the Romanian Foreign Ministry.

Efforts of other western governments to secure their rights under the treaty have been consistently unsuccessful. For example Auboyneau French Chargé tells me his attempts to arrange for restitution of 6,000 French railway cars, return of French shares in Colombia and Concordia oil companies turned over to Soviets, restitution of oil pipe line removed by Germans from France and installed here have been fruitless. He has also found Mme. Pauker uninformed and really only interested in politics. He mentioned for instance that his wife recently expressed appreciation to Mme. Pauker for attending a French reception despite her heavy duties at the FonOff and in Parliament and that Mme. Pauker had replied it was not the FonOff or Parliament that really took her time but "the party". Auboyneau also said Mezincescu told him recently that the treaty was forced on Rumania and indicated no disposition to implement it. In discussing possible resort to disputes procedures Mezincescu said they could drag out such procedures for ten years.

In these circumstances treaty implementation promises to be largely a unilateral task involving careful preparation of the legal record, long delays and eventual reference of most issues to disputes machinery provided by treaty.

I believe opportunity to discuss experiences with other treaty missions would be of great practical value and would help us avoid pitfalls and inconsistencies and develop some constructive ideas.

Sent Department 209 repeated London 12, Moscow 21 (Dept please pass Rome 14, Budapest 35, Sofia 32.)

SCHOENFELD

Editorial Note

On February 26, March 8, and March 9, respectively, the Romanian, Bulgarian, and Hungarian Governments were given official notification by the United States Government, in accordance with the treaties of peace with those countries, regarding the pre-war bilateral treaties and other international agreements with Romania, Bulgaria, and Hungary which the United States desired to retain in force or to revive. For the texts of the notes to the Romanian, Bulgarian, and Hungarian Foreign Ministers giving such notification, see the Department of State *Bulletin*, March 14, 1948, pages 356-357 and March 21, 1948, pages 382-384.

124.743/2-2948 : Telegram

The Secretary of State to the Legation in Bulgaria

CONFIDENTIAL

URGENT

WASHINGTON, March 1, 1948—7 p. m.

NIACT

137. Dept concurs your representations re arrests (urtel 276 Feb 29 and previous)¹ and authorizes you pursue matters along same lines. Suggest emphasis aspects relating interference functioning Leg and performance duties official personnel, discourtesy and inconsistency comity of nations in failure provide advance notification and new element involved Balabanov incident in respect unauthorized entrance diplomatic premises.²

Bulg Min Washington³ sailed for Bulg twenty-sixth and in circumstances Dept discussing Chargé Athanasov.⁴ In addition foregoing points, will also mention that militia action in face contrary assurances FonOff seems highlight independence and absence Govt control that organization.

In view these subsequent developments Dept reconsidering position (Deptel 131 Feb 25)⁵ re publicity and will appreciate your comment utility this juncture of a Dept statement summarizing circumstances four cases and Bulg reaction your representations.

Dept skeptical likelihood effective action diplomatic corps particularly insofar as "immunity" of arrestees concerned and suggest that before formal reference that body you report informal preliminary reaction friendly colleagues and await further consideration.

Sent Sofia, rptd London, Paris, Brussels, Belgrade, Bucharest, Budapest, Hague, Stockholm, and Moscow.

MARSHALL

¹ In early February 1948, Dr. B. Yantchouloff and Velislave Spassoff, Bulgarian employees of the Legation in Sofia, were arrested by the Bulgarian militia, presumably as part of increased police measures involving almost all the Legation's employees. In a note dated February 6, the Legation protested to the Bulgarian Foreign Ministry regarding the arrests. The Bulgarian Foreign Ministry rejected the protest in a note dated February 11 and accused the employees of alleged crimes endangering the security of the Bulgarian state. On the morning of February 27, Bulgarian militia entered the house of Dragan Peev, a Bulgarian employee of the Legation in Sofia, arrested him and searched the premises. Also on February 27 Bulgarian militia entered the quarters of Special Attaché Col. Ralph H. Wade and arrested his housekeeper, Mme. Balabanov. On February 27 and 28, Minister Heath protested in writing and orally to the Bulgarian Foreign Ministry regarding these arrests and the earlier cases of Yantchouloff and Spassoff.

² In pursuance of these instructions, Minister Heath protested orally to Assistant Foreign Minister Kamenov on March 2 and to Foreign Minister Vasil Kolarov on March 4.

³ Dr. Nissim Mevorah.

⁴ Bulgarian Chargé Boyan Athanasov was summoned to the Department of State on March 3 to hear a protest regarding the arrest of the four Bulgarian employees of the Legation in Sofia.

⁵ Not printed.

124.743/3-548: Telegram

The Minister in Bulgaria (Heath) to the Secretary of State

CONFIDENTIAL

SOFIA, March 5, 1948—8 p. m.

294. Legation's telegram 293, March 5.¹ I am decidedly of opinion it would be useful for Dept give publicity to arbitrary arrests Legation employees and violation diplomatic premises (Deptel 137, March 1). Our more intelligent Bulgarian employees feel that far from further imperiling their personal situation failure our government take some public stand on these incidents could serve encourage Bulgarian authorities to take further terroristic and punitive action against them. Agree this view.

It seems to us here however, that Department publicity this subject should be in form subordinate broader statement on widespread arrests and internments persons not in sympathy Communist regime. In view however differing moral magnitude two related developments it suggested best publicity formula might be to initiate Department's comment in answer questions raised Department's press conference by some correspondent on new wave arrests and internments Bulgaria to be followed and extended at subsequent press conference by comment on arrests Legation employees and violation diplomatic premises. This would seem offer best opportunity maximum most effective publicity while at same time keeping Legation's less important problems separate from and in proper perspective with more historic wave police terror sweeping through this country.

As we see it from here reply first question on general wave arrests should be along following lines: "Department's gravely concerned over reports new wave arrests and internments Bulgarians whose only offense apparently that not being in sympathy with present regime or of having contact with representatives and private citizens western countries. Department finds it difficult believe that those arrested were engaged subversive activity against regime. Qualified observers doubt in view reign of fear and unlimited authority Bulgarian militia that there any organized subversive activity against Bulgarian state at present time. Arrests because political opinion are of course violation human and political rights guaranteed in peace treaty with Bulgaria and Department instructing American Legation Sofia report on situation."

Upon further subsequent inquiry same subject Legation suggests Department might reply along following lines: "Possibly as part this wholesale roundup Bulgaria[n] militia has arrested three Bulgarian

¹ Not printed.

employees of American Legation and is holding them incommunicado and without charge. In fourth instance premises occupied by officer of Legation entered by armed militia who while on premises arrested a Bulgarian on household staff of the officer. Since February 6, American Minister Sofia has made repeated written and verbal representations and although Foreign Office has given him assurances against arbitrary arrests, molestation or interference with Legation's Bulgarian employees and to effect charges against arrestees would be made available to Legation Foreign Office assurances have not yet been fulfilled. Inviolability diplomatic premises one oldest fundamental immunities provided by international law and due protection personnel whether or not they be nationality employing country is universally accepted by all civilized states. American Minister continuing his representations and discussions with Bulgarian Foreign Office."

Above suggestions have been drafted with thought in mind they are probably as strong as Department prepared go in present situation. However, I would be very much pleased if Department saw fit make statement very much stronger.²

Repeated Bucharest 39, Budapest 31, London 43, Moscow 36[?]

HEATH

² Telegram 161, March 11, to Sofia, replied to this message as follows:

"As Dept not convinced of usefulness at this juncture of official statement re arrests and perceives possibility such statement would subject three employees still held to retaliatory measures, Dept is reserving decision re statement. US press has thus far mentioned neither arrests of employees nor more general campaign against elements unsympathetic towards regime." (124.743/3-1048)

740.0011 EW (Peace)/3-1048: Telegram

The Minister in Hungary (Chapin) to the Secretary of State

CONFIDENTIAL

BUDAPEST, March 10, 1948—5 p. m.

386. Note from Hungarian Foreign Office refusing military information (British received identical note) unless requested in concert (mytel 385, March 10)¹ poses question of next step especially in view

¹ On December 11, 1947, the Legation in Budapest addressed a note to the Hungarian Foreign Ministry requesting information relative to the fulfillment of the military clauses of the Hungarian Peace Treaty; for the text of the note, see telegram 1955, December 11, 1947, from Budapest, *Foreign Relations*, 1947, vol. iv, p. 49. In a note to the Legation in Budapest dated January 12, 1948, not printed, the Hungarian Foreign Ministry declined to respond to the American request on the grounds that such requests for treaty-fulfillment information had to be made by the heads of the United States, United Kingdom, and Soviet missions in Hungary acting in concert, and the Soviet Embassy had made no such request. The Legation in Budapest renewed its request for military information in a note of January 27, 1948, and on March 10 the Hungarian Foreign Ministry renewed its refusal.

telegram received by Helm² March 6 in which British Foreign Office relatively categoric in pointing out it considers pressing case into Council of Ministers under Article 40 and arbitration undesirable due weakness of case for unilateral requests under Article 39. Dept will recall Helm and I aware possible weakness our case under Article 39 and deprecated proposal for formal representations re military information from beginning and reluctantly undertook this course on understanding that if once begun matter would be pushed thru to conclusion via recourse Article 40. Accordingly both Helm and I assumed Foreign Office and Dept had considered carefully strength our case. Helm completely baffled by present attitude of Foreign Office which has suggested (a) requesting Soviet concurrence in request or (b) allowing matter to drop with Hungarian reply. Both courses repugnant. As lesser of two evils Helm is suggesting latter course of allowing matter to drop until *prima facie* case of treaty violation occurs, though pointing out to Foreign Office this is outcome he originally predicted.

Feel we have 5 alternatives:

(1) Appeal to Soviets to support our contention that powers individually entitled demand information.

(2) Appeal Soviets to support our request for information. Both these appear barren and likely to result in a well publicized "kick in the teeth" for US with only possible advantage that of showing Soviet obstructionism prior to reference matter to 3 chiefs mission.

(3) Refer matter to 3 chiefs mission with eventual reference conciliation or arbitration (this appears also to be logical outcome of first and second alternatives with advantage of being direct in approach and less susceptible to rebuff). In this case Legation feels that if legal case weak under Article 39 we might pursue it on basis right US as signatory to information it requires. Disadvantages lie in present British Foreign Office attitude which forecasts lack support and possible restrictive resolution our contention would entail.

(4) To drop matter entirely awaiting *prima facie* case of violation. Legation considers this undignified retreat.

(5) To close correspondence with short note stating Hungarian reply unsatisfactory and considered by US to show disheartening lack cooperation in fulfilling treaty obligations. This gives rise possibility Hungarians may then appeal 3 heads mission exposing weakness our case under Article 39. Legation prefers third alternative but prefers

² Alexander Knox Helm, British Minister in Hungary.

[*refers?*] British Foreign Office attitude. Fifth is second choice. Dept's instructions requested.³

CHAPIN

³ Telegram 263, March 15, to Budapest, not printed, instructed the Legation to acknowledge the Hungarian Foreign Ministry note of March 10, stating that the reply was unsatisfactory and pointing out the Hungarian obligation under the peace treaty to limit its military personnel, which could hardly be determined as being fulfilled unless information on the subject were forthcoming. The Department added that it was considering the convening of an *ad hoc* meeting of American, British, and Soviet ministers in Budapest in order to ascertain the Soviet position on the right of treaty signatories to obtain information unilaterally (740.0011 EW (Peace)/3-1048).

864.00/3-1248 : Telegram

The Minister in Hungary (Chapin) to the Secretary of State

SECRET

BUDAPEST, March 12, 1948—6 p. m.

407. Although as reported mytel 218, February 11¹ Communist power has long since achieved completely effective political control in Hungary, mass of population had not really abandoned hope some solution which would allow Hungarian people certain amount of political and economic autonomy thus retaining at least a window open to the west to which people traditionally look. However, in last few weeks feeling of despair and hopelessness has been overtaking Hungarian people in all walks of life with natural exception of enthusiastic Communists. Conclusion of the Moscow pact, increasing severity Communist drive in political and economic life and especially lightning events in Czechoslovakia have appeared to man in street as final and incontrovertible proof of weakness of US and UK, their abandonment of east Europe and irresistible force of Russian expansionism.

There persisted feeling that in those satellites with strong western traditions at any rate, loyalty to Soviet Russia would be recognized by Soviet abstention from imposing Soviet social and economic system on these countries. Now it realized nothing can satisfy Kremlin's imperialist ambitions short of complete and utter subjection.

As has been reported by Legation certain industrial leaders have made individual settlements and left or are leaving the country. Likewise members of former aristocracy or middle class who have been fortunate enough to arrange their affairs also abandoning sinking

¹ *Ante*, p. 295.

ship. Others struggling with their consciences and traditions to find some sort of settlement which will permit them bare existence. Illustrative of general trend of mind was conversation between Hungarian employee of Legation, a former petty noble and army officer. Latter said he and his wife had long discussed what course they might take event Legation withdrawn or he should lose his position. It agreed he should make effort emigrate and his wife in interest of their child would, upon notice his safe escape, denounce him to police and apply for divorce in hope that she could later rejoin him. This typical of adjustments and abandonment of principles being forced by cold pressure on decent people throughout country.

In liberal professions as well as in industry or govt or even among small independent shopkeepers, journeymen and unskilled workers people are now being offered stark alternative of joining Communist organizations or of eventual starvation through unemployment. Economic drive of government (i.e. Communist control of large industries) has been extended in last few days to middle-sized enterprises and it is only a question of time before small shopkeepers will also be forced to close down or join cooperatives in accordance with pattern already set in Rumania, Bulgaria. Only difference has been one of timing since Hungary more industrialized and more western in outlook. Peasants are less affected although reports received they are profoundly depressed and in certain areas exercising unorganized passive resistance in form of withholding produce from market.

Complete self abasement of Social Democrats amply shown in proceedings recent congress where violence of statements exceeded those of Communist. Other parties completely discredited and man in street utterly cynical as to leadership from President Tildy² down. While Hungarian people until recently often expressed opinions privately, resistance has now been so atomized that few dare express any ideas when other Hungarians are present. Informers belonging all social classes now everywhere, whether became such through bribery or threat of reprisal. Situation developed to point where naked force usually no longer necessary although this applied when required. It is threat of terror whether political or more often an economic sanction which reaches every person in population.

It is difficult for any self-respecting American to sit by and see this complete collapse of nation and people who however foolish or weak in the past, surely have not deserved present cup of bitterness.

It is heart-rending, particularly since only single ray of hope to which these people cling is pathetic belief in America and while repre-

² Zoltan Tildy, President of Hungary, February 1946-July 1948, and a leader of the Hungarian Smallholders Party.

senting greatest nation on earth yet be admittedly unable offer either help or effectual encouragement to Hungarians.

Irrespective, however, of the personal feelings of myself and staff and at risk being thought give too great weight local aspects of world wide problem I confess to a mounting pessimism, for if western peoples decline to be shocked into necessity of prompt, firm and combined action by events of last two years, and especially of last two months these countries it seems plain that nothing can do so before day when they themselves individually will be subject to the same attack whether in form of a stroke or of creeping paralysis.

It is with heavy heart and only after much consideration that I reach conclusion that barring miracles nothing short of physical pressure can now save Hungary and its people. First phase when it possible save Hungary ended with Nagy coup;³ second phase when process of Sovietization could still be slowed ended last week with Moscow pact,⁴ Czechoslovak coup⁵ and announcement merger left parties; third phase which had already set in in other satellites now begun Hungary where Communist control must be regarded as unchallengeable.

However, I most earnestly suggest that if there is little we can do in the satellite states, there remains much that can be done elsewhere. It should be apparent by now that costly as it may be, material aid to weakened economies of west nations under ERP is insufficient and we must be prepared to underwrite in time not only morally but financially such truly democratic political forces as can combat Russian imperialism. Armed with a knowledge of extent of Soviet intervention, moral, physical, military, and economic in these states, it would be suicidal withhold support from our friends on grounds of high political morality.

To one who has seen the corrosive, gangrenous effect on moral fiber peoples of these forces of evil, need for urgent action only too apparent.

It is imperative that the lessons learned in this area be analyzed with a view to profiting therefrom in other threatened areas. While not unmindful repercussions such meeting in US, in satellites, in Kremlin and in France and Italy (which I feel would in themselves be helpful), I therefore suggest that Department give consideration to immediate convoking of a conference of chiefs of mission from all

³ In May 1947, Hungarian Prime Minister Ferenc Nagy resigned his position and went into exile as a result of machinations by the Hungarian Communists and their allies; for documentation regarding the Nagy resignation, see *Foreign Relations*, 1947, vol. iv, pp. 297 ff.

⁴ On February 18, 1948, the Soviet Union and Hungary concluded a treaty of alliance and mutual cooperation.

⁵ For documentation regarding the attitude of the United States toward the Communist seizure of power in Czechoslovakia in February 1948, see pp. 733 ff.

satellite states either in Washington, Paris or Rome under presidency of a high officer of Department to discuss agenda including:

1. Future functions and activities of our missions this area in light present developments and limitations.
2. Means or methods of shocking American people into realization gravity of situation including possibility of simultaneous withdrawal at psychological moment of diplomatic representation from satellites on grounds no longer independent of Soviet Union.
3. Drafting of a combined report on the immediacy of the menace to the vital interests of US describing the nature of the consequences and pointing up conclusion which may legitimately be drawn from experience these countries. The Department might wish to make such a report available wholly or in part to Congress and even to American public.

Repeated Bucharest 46; Sofia 36; Belgrade 21; Warsaw 5; Prague 18; Paris 44; Rome 9.

Department please pass to Moscow as 55. Repeated to London as 36.

CHAPIN

Editorial Note

The Treaty Committee (TIC) was established on March 12, 1948, to facilitate the coordination of policy problems arising under the treaties of peace with Italy (including Trieste), Hungary, Bulgaria, and Romania. According to the Terms of Reference of the Treaty Committee (document TIC D-1, March 12, 1948 and Departmental Announcement 1018 of the same date), the Committee was to perform the following functions:

"(1) Identifies and evaluates present and emerging problems in respect to the peace treaties, of mutual concern to the geographic and functional offices in preparing policy recommendations. In performing this function the Committee serves as a medium for the interchange of information.

"(2) Is responsible for coordinating U.S. policy regarding the execution of the peace treaties with the four southern European countries mentioned above [Italy, Hungary, Bulgaria, and Romania].

"(3) Gives guidance and facilitates clearance on instructions to the field on treaty matters."

The Committee was composed of representatives from the Office of European Affairs (which also provided the Chairman), the Office of International Trade Policy, the Office of Financial and Development Policy, the Office of Legal Adviser, the Office of Transport and Communications, the Special Assistant to the Secretary of State for Research and Intelligence, the Office of Information and Educational Exchange, the Office of Public Affairs, and the Office of United Na-

tions Affairs. Representatives of the Departments of the Army, Navy, and Air Force were invited to consult with the Committee on military matters. The Treaty Committee, which was convened for the first time on March 17, 1948, held 22 meetings during 1948. The minutes, agenda, and numbered documents of the Treaty Committee are included in CFM Files, Lot M-88, Box 104.

The Treaty Committee assumed the functions formerly charged to the Balkan and Italian Committees. These two committees, first established at the beginning of 1946, were responsible for the coordination of various parts of the Department of State concerned with Balkan and Italian country and area problems and were to provide a forum for the discussion of such problems. The Balkan and Italian Committees were abolished at the time of the establishment of the Treaty Committee.

740.0011 EW Peace/3-1548: Telegram

The Chargé in the United Kingdom (Gallman) to the Secretary of State

SECRET

LONDON, March 15, 1948—5 p. m.

1056. In a discussion with Watson, subhead Southern Department Foreign Office, today on implementation of treaties, he made following remarks:

It would be unrealistic to believe satellites have any intention whatsoever of fulfilling obligations under treaties. Many government leaders are ignorant and do not understand international obligations, and if treaties were properly implemented it would mean dissolution of Communist authority in these countries in which regimes are built solely on illegal and unconstitutional methods and contrary to treaty stipulations.

However, treaties are useful from commercial viewpoint, although claims, etc., doubtless will be whittled down and much time consumed in obtaining any redress for our nationals interests in these countries. The treaties are also helpful in permitting us to air our views on the subjugation by force of the peoples of the countries concerned.

With respect to implementation of military clauses of treaties, it is obviously impossible to believe any statements issued by satellite govts, and they will continue to reinforce their military establishments as much as they desire. The secret protocol between Rumania and USSR is evidence of intentions. (Foreign Office believes Dept is provided with copy of this protocol.) This agreement shows Rumanian Army will be infiltrated with Russian officers, that cadres of Rumanian

troops will go to Russia for training, and that Rumanian Army will be incorporated with Russian Army to the limit of its forces.

Sent Dept 1056; repeated Budapest 25; Bucharest 16; Sofia 16.

GALLMAN

711.00/3-1648: Telegram

*The Secretary of State to the Embassy in Yugoslavia*¹

SECRET

WASHINGTON, March 17, 1948—9 p. m.

122. In appraising US policy in respect to Sov Balkan satellites in light progressively accelerating intensification aggressiveness and hostility those regimes toward US and increasing disregard of fundamental freedoms for which US stands, Dept has reassessed, against long-term objectives, position in current situation as reflected reports and recommendations missions those countries.

Ultimate US objectives toward Sov Balkan satellites—Yugoslavia, Albania, Bulgaria, Rumania and Hungary—may be summarized as establishment those states as democratic independent members family of nations, under conditions guaranteeing peoples' effective enjoyment human rights and non-discrimination against US interests and interests of other peace-loving states. In essence present situation is that Soviet indirect aggression, in form support to minority totalitarian regimes has thwarted democratic will of majority of peoples, infringed independence and sovereignty and subjugated them to domination of Moscow within concept totalitarian Soviet Balkan hegemony. Practically complete disregard by Sovs and satellite regimes of US representations in line Yalta obligations and in case ex-enemies provisions of peace treaties and vilification US by public officials and official press threatens US prestige and emphasizes US inability exert effective influence.

Dept has considered advisability in circumstances of withdrawing US representation from satellites or, alternatively, while maintaining representation there, minimizing occasion for further rebuff by ceasing to express US condemnation totalitarian actions those regimes. How-

¹ A somewhat more detailed exposition of the policy set forth in this telegram was the subject of a memorandum, dated February 16, 1948, from John D. Hickerson, Director of the Office of European Affairs, to the Secretary of State and the Under Secretary of State. That memorandum was approved by the Secretary. (711.00/2-1648)

Telegram 1163, March 22, from London, reported that British Foreign Office views were exactly in line with the thinking outlined in this telegram. The telegram added:

"Foreign Office officials also believe UK and US should express to satellites in forceful and dignified manner condemnation of their acts, but feel there should be no requests for action by the satellite governments in cases where such requests would merely lead to rebuff." (711.00/3-2248)

ever, after due reflection withdrawal representation rejected. Withdrawal essentially negative course, would deny us access certain info concerning developments there, and prevent our further endeavoring to protect American interests in the Balkans except by reprisal against available Balkan assets in US. In addition, step would further polarize division between east and west and might in some degree adversely effect commercial exchanges between Eastern and Western Europe envisaged in European Recovery Program. Preferable polarization this sort not result US initiative. Discontinuance policy expressing US views in condemnation of developments as they occur in Balkans likewise rejected. Dept believes such course would suggest abandonment peoples those states, temporarily at least, to Sov totalitarianism and, while US expression, through US representatives in Balkans and by public statements, of US condemnation totalitarian aggression against fundamental freedoms and violation of international commitments by Balkan authorities, has not radically affected course of events, Dept feels such representations and statements have alerted world to responsibility those regimes for their aggressions against peace-loving humanity.

Accordingly, in reaffirming US long-range objectives toward Soviet Balkan satellites, Dept has decided current US policy toward attainment those objectives will continue envisage maintenance contact regimes those countries and forceful, dignified expression, to those governments and publicly, of US condemnation of acts or statements for which they bear responsibility, which abridge the exercise of fundamental freedoms and are hostile to US and its principles.

Foregoing transmitted as background on Dept thinking this time. Specific instructions in line therewith in regard to various steps which have been recommended by missions will be forthcoming subsequently.

Sent to Belgrade, Sofia, Bucharest and Budapest, rptd Moscow, Rome, Paris, and London.

MARSHALL

740.0011 EW (Peace)/3-2448: Telegram

The Minister in Hungary (Chapin) to the Secretary of State

SECRET URGENT

BUDAPEST, March 24, 1948—9 p. m.

476. Helm has received series of telegrams from British Embassy Washington and Foreign Office London indicating Foreign Office and Department plan to instruct me (1) to call on Hungarian Foreign Minister requesting categoric reply whether Hungarians intend supply military information previously requested and (2) to convoke

meeting 3 heads of missions if Hungarian reply negative or evasive. Helm has been instructed to concert with me in both steps.

As for (1) Hungarian Foreign Minister ¹ has already made position clear on 2 occasions in writing and I see no benefit or prospect of success in further representations. As for (2) it is not clear in these telegrams whether we are to ask Soviets for decision as to whether we are individually entitled to request military information under treaty or whether we are to request Soviets to associate selves with us in request but it is apparent we are not to press subject to arbitration. My reaction as follows:

(a) If either Department or Foreign Office consider case too weak for arbitration, I see no point in raising matter with 3 heads of mission. This certainly will entail rebuff which even if not given publicity here will certainly become known to local authorities with consequent unnecessary additional loss prestige.

(b) Further inclined this view as our reason for raising issue here much weaker than in Bulgaria since we certain Hungarian armed forces below treaty strength. This backed up by categoric assurance received by British Military Attaché from Hungarian General Staff that total present is 14,000 men. In this connection Soviets might merely state well-known fact that Hungarian forces below treaty strength and point out that treaty does not provide for additional information requested. This would forestall even case for demonstration obstructionism.

(c) Am further inclined to foregoing in view London's telegram 1163, March 22 to Department ² which strongly suggests inadvisability raising issues on which we likely to receive rebuff.

In light of above and especially the attitude expressed in c, unless Department has reasons not apparent here (and of which I would appreciate being informed) for pursuing matter to heads of mission, I strongly recommend alternative 5 listed mytel 386, March 10 with no further oral or other representations to Foreign Minister.

CHAPIN

¹ Erik Molnar.

² Not printed.

740.0011 EW (Peace)/3-2848: Telegram

The Minister in Bulgaria (Heath) to the Secretary of State

SECRET PRIORITY

SOFIA, March 28, 1948—6 p. m.

404. In connection with Bulgarian refusal permit inspection frontiers reported Legtel 396, March 26,¹ it must be recognized that no

¹ Not printed; it transmitted the text of the note of March 26 from the Bulgarian Foreign Ministry to the Legation in Sofia briefly described in footnote 6, p. 285.

diplomatic measures US could take will in themselves persuade Bulgarian Government fulfill terms treaty already flagrantly violated. Thus value of treaty at present appears limited to:

1. Publicity and illumination of reprehensible character local regime and

2. Keeping record clean order that possible subsequent more effective action will be legally justified.

In keeping legal record clear two possible lines action appear open to US in this case:

- (a) To rebut contentions of Bulgarian Government and thereupon let matter rest. Disadvantages are that this leads to no end and appears as diplomatic weakness US in failing follow disputes procedure Article 36 agreed to by US. Only arguments in favor are possibility that US would lose arbitration decision and that situation may be approaching more universal crisis which would make arbitration anachronistic.

- (b) To invoke machinery Article 36 at once with reference refusal permit inspection Greek frontier (leaving out of consideration for moment Article 2, Department may wish include in its dispute specifications refusal Bulgarian Government give all information requested concerning strength and composition Bulgarian armed forces and perpetuation and unprecedented expansion prohibited frontier military zone by Bulgarian Government).

As regards arguments to be used, one theory is that since Article 35 will certainly be invoked by Bulgarian Government we should in our note boldly base our case on our interpretation that article.

British Minister, however, in knowledge his government had shown reluctance hitherto to press interpretation Article 35 to point of arbitration, is recommending that at this stage it would be best not to raise purely legal point at issue, but to state more generally our conception our rights under Article 35 without specific reference that article or to its text. His formula would be somewhat as follows: "(b) Although the three heads of missions cannot separately issue binding interpretations of treaty or prescribe specification for its execution, they have individual responsibility to satisfy selves that treaty being implemented and they entitled not only to information from Bulgarian Government, but to positive assistance in enabling them fulfill that responsibility and to judge whether or not situation exists which would require joint consideration by three heads of missions."

While in draft note forwarded in next numbered telegram,² I have followed first theory in resting our case specifically on Paragraph 3, Article 35, I have no preference as between two alternatives. Will Department decide?³

² Neither the draft note nor the telegram under reference here is printed.

³ The Department appears not to have replied directly to this message.

Arbitral procedure may of course never reach final decision. Nevertheless, in order avoid any reproach of having failed perform our obligations or to have sought our remedies under treaty I believe procedure should start at once. Date of letter notification of dispute should be stipulated date on which Article 36 time limits shall commence. I may say here that several intelligent Bulgarians of opposition have urged our resort to arbitral procedure.

But publicity seems greatest value of treaty at present time although publicity use treaty violations does not necessarily coincide with our legal action. In case in question resort publicity seems unavoidable. Veiled threat in penultimate paragraph Bulgarian note makes them vulnerable publicity. Both British Minister and I feel it would probably be unwise for any governmental statement draw clear inference that Bulgarian prohibition of border area inspections is to protect and conceal activities hostile to Greek Government but hope American press will do so.

Sent Department 404, repeated Bucharest 43, Budapest 34, London 49.

HEATH

121.5464/3-3048: Telegram

The Ambassador in the Soviet Union (Smith) to the Secretary of State

SECRET

Moscow, March 30, 1948—6 p. m.

572. Deptel 312 March 19, 289 to Budapest, 256 to Vienna.¹ Discussed Kopcsak-Thielen case² yesterday at length with Vyshinski,³ using as basis our conversation in London when he agreed it was imperative that US and USSR do as much as possible to reduce friction along our broad front of global contact. I pointed out this was example of irritation producing incident particularly desirable to eliminate. US and Soviet participants had told entirely different stories which impossible to reconcile on high level, with result that *démarche* by US peremptorily rejected by USSR, leaving one more unresolved impasse.

I suggested if honest intention existed to eliminate such irritations, very simple to arrive at formula for determining truth of incident, placing culpability and applying corrective measures. While this approach initiated talk lasting one and half hours and produced multitude of counter-charges, recriminations and rehash of all previous

¹ Not printed.

² Regarding the Kopcsak-Thielen case, the arrest of two Budapest Legation military attachés by Soviet authorities in Hungary, see the editorial note, p. 287.

³ Andrey Yanuaryevich Vyshinsky, Soviet Deputy Foreign Minister.

complaints from alleged Soviet citizens in US zone Germany to flights of American planes over Soviet ships in Asiatic waters, it was quite obvious Vyshinski had no intention of proceeding to any constructive result and that Soviet Union had no intention of changing its position in this and similar matters.

Vyshinski was outwardly friendly as usual, and apparently willing and anxious to talk on any general subject, but impossible to pin him down to anything definite on Hungarian incident. It is obvious that present Soviet line of protests and complaints for propaganda purposes will continue whenever occasion offers.

Sent Department 572. Department pass Budapest 17 Vienna.

SMITH

740.0011 EW (Peace)/4-548 : Telegram

*The Acting Secretary of State to the Legation in Hungary*¹

SECRET

WASHINGTON, April 5, 1948—6 p. m.

358. Dept and Service Depts considering revision SWNCC 244/7² which has been basis US approach for last six months for implementation military clauses of treaties. Aside from fact we now have demonstration in Bulg and Hun of futility of attempts to obtain military info through diplomatic channels and both Dept and Brit FonOff legal advisers reluctant to dispute satellite subterfuge requiring concerted action or risk eventual arbitration, the overriding reason for proposed reversal previous policy is situation in Italy where for your secret info security considerations of national interest to US prompt maintenance maximum safeguards against Soviet efforts embarrass Ital Govt re implementation military clauses Ital treaty. We feel to establish now any precedent in Balkans involving recognition of right to inspect or obtain info unilaterally would substantially weaken our position in supporting Ital Govt in event Sov attack on its performance under military clauses. Contrariwise should we now agree to acting in concert in Balkans Sovs can hardly interpret same clause differently in Italy, thus making Sov actions latter subject to US concurrence.

In Bulg and Hun where govts have carried issue to present stalemate, we therefore intend convoking meeting Heads of Mission for purpose of asking concerted action re military info and inspection Greek-Bulg frontier as well as smoking out Sov position. We would say that in view Sov and satellite attitude we are abandoning US

¹ This telegram was also sent to Sofia as 227 and to Bucharest as 244 and was repeated to London as 1168, to Moscow as 367, and to Rome as 954.

² Dated September 10, 1947, *Foreign Relations*, 1947, vol. iv, p. 21.

position for time being and seeking info and action on military clauses through concerted request. In event subsequent unilateral request by Sovs in Italy, we would thus be in position of maneuverability depending on nature info desired. Moreover, should Sovs veto US-UK proposals concerted action by one means or another, onus for frustration implementation US-UK treaty obligations will be correctly placed and present satellite front for Sov policy disclosed. Value future publicity is thus enhanced.

This tel for info only. Revision of SWNCC paper when approved will be forwarded soonest³ as well as instructions re convocation Heads of Mission meeting in Budapest and Sofia and guidance therefor.⁴ Brit Emb here is consulting FonOff with view to aligning US-UK policy.

Sent Budapest, Sofia, Bucharest and rptd London for FonOff, Moscow and Rome.

LOVETT

³ See telegram 451, May 3, to Budapest, p. 330.

⁴ See telegram 450, May 3, to Budapest, p. 329.

701.0011/4-948

Memorandum of Conversation, by the Director of the Office of European Affairs (Hickerson)

[WASHINGTON,] April 9, 1948.

The Netherlands Ambassador¹ came in to see me today at my request. I referred to his call on me on March 26 about diplomatic representatives from "Iron Curtain" countries.² I informed the Ambassador that the US Government after much thought on this question concluded that most diplomatic personnel from Iron Curtain countries are potential agents; and that to refuse appointees whose adverse record is known would merely lead to the assignment of other and equally undesirable representatives about whom this Government has no adverse information. Accordingly, I continued, it has been our practice to receive proposed appointees from Iron Curtain countries without question but to keep an eye on them after they get here.

If such personnel are found to be engaging in activities which we consider objectionable, their withdrawal is requested. I told the Ambassador that we had recently declared *persona non grata* two mem-

¹ Eelco van Kleffens.

² Ambassador van Kleffens called on Hickerson on March 26 to inquire secretly and informally about requests from "Iron Curtain" countries that the Netherlands Government receive ardent communists as diplomatic representatives from those countries. (701.0011/3-2648)

bers of the Czech Embassy and a chauffeur at the Rumanian Legation. I informed the Ambassador that in these circumstances there did not seem to be much point to our considering the exchange of information about such requests from Iron Curtain countries with the Netherlands Government. I added that in any given case the Ambassador could feel free to inquire of me if he wished whether we had information in regard to particular individuals. He expressed his appreciation.

J[OHN] D. H[ICKERSON]

711.61/4-1248: Telegram

The Minister in Bulgaria (Heath) to the Secretary of State

SECRET

SOFIA, April 12, 1948—5 p. m.

474. Deptel 179, March 17.¹ Clarifying policy towards Soviet's Balkan satellites and announcing definite steps to implement policy were under urgent consideration was heartening and helpful.

It now seems timely to review our analysis of Bulgarian sector general Soviet problem and propose practical steps which we feel should now be taken.

Obviously our problem is not with Bulgaria but with Moscow. Political independence Bulgaria not even good fiction. It is Soviet province ruled by extremely small group Bulgarians by birth but blindly obedient to Moscow thru fanatic conviction and training there. There not slightest sign any centrifugal tendency in this regime. There no impulse towards any independence from Kremlin such as we understand occasionally observable in Belgrade. Bulgarian Politburo posts must be occupied by men with Moscow "education".

Our concern here is therefore with Kremlin policy as evidenced by behavior and utterances its local agents. Certain of its Balkan objectives are obvious. One cannot observe events and top officials here and not be sure latter are thoroughly briefed as to Kremlin's implacable design to seize Greece—presumably preparatory to domination Turkey and Straits—and pending seizure to keep Greece in disorder through unrelenting partisan activity (reasons why Soviets momentarily use Bulgarian base against Greece more covertly than Yugoslavian and Albanian bases are: (a) move open aid might alarm Turkey to counteractions; (b) Bulgaria most vulnerable of Soviet provinces owing geographical position and internal situation; and (c) circumstance of peace treaty which on paper at least gives Britain and America certain rights and arguments is somewhat hampering).

¹ Same as telegram 122, p. 312.

However, since possession of unassailed bases is *sine qua non* of prolonged and successful guerrilla warfare and since territory in which Markos operates seems made to order for partisan activity it seems impossible that Greek problem can be finally solved by action in Greece alone. Long as our policy permits Markos have bases in bordering satellite area we do not see that he can be forced to anything but uneasy truce.

But it is believed that a practical coordinated program against bases themselves can be put under way with good prospects of success and less danger bringing about open war than by continuing allow Russia's satellite agents pursue their subversive aggression against troubled Greece with no other check than that of intermittent verbal remonstrance. Soviet employment of Markos carries its own danger since it is game that can be played by others with even greater chances eventual success and with moral and legal justification.

As we see it from here our policy in Greece is correctly that of letting Greece settle her own problem giving her aid and encouragement to extent necessary to counter effects hostile Soviet intervention. With regard to connected problem of Bulgaria (and doubtless that of other satellites) our policy should be same—aid should be given to extent necessary to enable Bulgarians themselves to begin to stand up to alien police tyranny under which they live. But initially at least aid and actions of Greece seem nearly as important to this end as anything US probably prepared under take at this time on Bulgarian problem.

While the ninety percent of Bulgarians who hate regime seem cowed and helpless under increasingly pervasive and modern technique of Soviet terror and control absence of resistance organization essentially due to very sensible conviction that any opposition would be hopeless since Soviet Russia, unless opposed by determined foreign stand, would step in to quell any revolt. But political vulnerability of Bulgaria perhaps more thoroughly realized by Kremlin's governors here than by Kremlin itself and is manifested by their obvious nervousness. Very apparently they know their steadily tightening control, however efficient, is stretched thin over population which hates them and now hates Russia to extent of forgetting its traditional enmity with Greece and Turkey. They know that Bulgarian Army weak in equipment, training and morale. Purge of officer corps has not progressed to point where its loyalty or that of troops is certain. Prior to war there were about 30,000 Communists in Bulgaria. Best local guess is that of 300,000 nominal Communists now, there might possibly be as many as 20,000 but not more who would stand by their regime if it encountered adversity.

Our ideas then of steps which should now be undertaken are:

1. We recommend that justification our Balkan policy be expanded by a publicized moral offensive on Bulgaria's flagrant violations of human rights and freedoms clause of treaty of peace as suggested Legation's despatch 11, January 16.² It is believed that such a step would add persuasive appeal to our policy and make clear that it looks beyond preservation and protection of a strategically situated nation; it would add moral dignity and impulsion to motive of security.

2. Coincident with such action Greece should, we feel, announce a policy of hospitality and asylum to Bulgarian political refugees similar to that offered on Turk radio last fall which was promptly followed by escape of eight ex-deputies of Agrarian Party across Turkish border. Leading Bulgarian political refugees presently in other countries should quietly be encouraged come together at some point, such as Salonika, and be given opportunity to work and some material assistance. Initially, at least, restriction on their asylum should be that imposed by Turkey—no political activity. If this and other steps proposed have no effect in deciding Soviets sincerely to cease their participation thru Bulgarian and other bases in Markos rebellion then restriction on political activity these refugees should rapidly be given an increasingly "liberal" interpretation.

3. We believe Greek Government should also make a publicized announcement—again following example Turkey—disclaiming any territorial ambitions regarding Bulgarian territory and should inaugurate radio transmission in Bulgarian—again following example Turkey well as US and Britain—stressing her friendship for Bulgarian people, her willingness cooperate with any Bulgarian regime fulfilling enlightened provisions peace treaty and making clear that her fight against Markos is fight for rights and friendship for Bulgarian people. Such broadcasts would be as sympathetically received as Ankara's popular Bulgarian language sendings. I realize that such step involves overcoming understandable resentment felt by Greeks toward Bulgaria.

4. Neither dynamic power, however, that can develop from "moral offensive" recommended in point one, nor collateral action Greece recommended points two and three, will in themselves be sufficient either to deter Soviet Russia from its present aggression against Greece or cause it to relax its illegal and tyrannical control of Bulgaria or impel Bulgarians and other satellite peoples assert their rights and liberties against Moscow police power. There must also be a display international forces visible if possible from Bulgarian border as evidence of moral, not merely oral, determination on part of west aggressively to oppose Soviet imperialism. Without such international forces on display, Bulgarians will believe, and understandably, that there is no hope in efforts towards self liberation nor true safety in political asylum which might be offered by Greece. Only thus will Russia believe that our determination is serious and Moscow definitely does not want such guards near Bulgarian frontier.

² Not printed.

Difficulties both political and military in installing these forces will, we realize, be great. Any risk that appearance such guards might bring about open conflict appears to us slight compared with failure install such deterrent forces. It is, of course, presumptuous for us here to advise what action should be taken in Greece. But two problems are so closely linked that we feel impelled set down our thoughts for whatever consideration they may warrant. From our vantage point ideal solution would seem to be for international guards seal entirely northern borders Greece without taking part beyond necessary action in self defense in internal aspects Communist rebellion there. Some formula for international endorsement (probably under Article 51 UN Charter for despatch international troops Greece and an official Greek request therefor) would, of course, be prerequisite such move. Further justification is found in recent Bulgarian refusal permit border inspections obviously required under Article 12 of peace treaty.

Actually we suppose complete sealing Greek border by international guard should for present at least be impracticable if not impossible. Neither would it seem necessary. Presence substantial guards on selected portions of Bulgarian border would be enough accomplish at least our initial purposes. Obviously guards could not be posted until areas behind their border stations had been substantially cleared of partisans. It thus appears to us that most feasible method of bringing international guards into Greece is begin by assigning British and American troops as guards to observer teams. When and if sections northern Greece reasonably cleared these international observer teams might then move up to observe and seal selected sections of border. I do not know whether driving of partisan bands from areas underlying Bulgaria (Thrace and East Macedonia) is now militarily feasible. Adoption of measures of this character would constitute a shift from defensive to non-military offensive against Soviet aggression. They are thus frankly transitional. We here are not in position evaluate and estimate fully present Kremlin overall attitude on war or peace. However, we do not believe measures recommended would provoke Soviets to overt acts which would lead to general war. They might initially lead to Soviet effort strengthen grip and accelerate weakening penetration in Greece but they would certainly increase strain on Soviet operations here and would develop potential insecurity and weakness of Soviet Balkan positions. We strongly believe that improvement in our relative position which such measures would produce would make their adoption not only advisable but necessary in national interest. This is especially so in view of fact there is very good chance, perhaps only chance, that if energetically executed and sustained they might lead to substantial Soviet retreat and at least tactical defeat short of war.

Of course we realize that international situation may develop so rapidly these measures would become anachronistic. Some not inconsiderable increase in activities of Bulgarian "Aid to Greece" committees been noted lately, possibly indicating acceleration Soviet effort in Greece which may precipitate crisis before these measures could be inaugurated. For this very reason and since they will require some time of preparation we recommend they be initiated urgently.

Sent Department 474, repeated Athens 30 (Please pass BalCom), Belgrade 38, London 55, Moscow 44.

HEATH

CFM Files : Lot M-88 : Box 105

Paper Prepared in the Department of State¹

SECRET

[WASHINGTON, April 15, 1948.]

Subject: US. policy in respect to the implementation of the peace treaties with Bulgaria, Hungary, and Rumania.

PROBLEM

The Balkan peace treaties went into effect September 15. From past experience in these countries and as indicated by the current attitude and conduct of their communist-controlled governments, we can hardly expect any satisfactory execution of the treaties from the US point of view. In fact, it is to be anticipated that the treaties will be violated both in letter and in spirit. We also have reason to believe that the USSR will exercise a veto, (presumably in connection with the obligation of the Heads of Mission to "act in concert") during the preliminary eighteen months of the treaties in order to prevent any action being taken by other treaty signatories detrimental to the interests of the Soviets or their satellites. The human rights clauses of the treaties are already being ignored. Furthermore, we expect little or no cooperation from the Balkan Governments or the USSR in our efforts to carry out our commitments in respect to the military clauses.

As long as there appears a possibility that the US will sometime release the ex-enemies' assets now blocked in this country, there may

¹ The source text bears the handwritten notation: "approved by Sec". A copy of the identical text bears a cover sheet with the following notation: "Prepared in SE and approved by the Secretary April 15, 1948". (Lot M-88, Box 105, Treaties, General) An earlier and slightly different draft of this paper was submitted by the Division of Southern European Affairs to the Committee for Implementing Treaties of Peace with Countries of Southern Europe (Treaty Committee) as document TIC D-5, March 26, 1948. TIC D-5 was considered by the Treaty Committee at its 3rd Meeting, March 31, 1948. The substance of paper was included in the April 7, 1948, issue of *Current Foreign Relations*, the classified policy-information summary prepared in the Executive Secretariat of the Department of State and circulated in the Department and to Missions abroad.

be some efforts on their part to settle American claims. However, the treaty countries will not hesitate to discriminate against us in favor of the USSR in economic matters and they will not permit the existence of American business interests in Eastern Europe to stand in the way of current programs towards complete nationalization of their economies. For that matter US companies still operating in the Balkans, albeit unprofitably, are fast coming to the realization that their properties will sooner or later be seized by the state and that a claim for adequate compensation for expropriation is now their sole recourse.

ACTION TAKEN

(1) In accordance with our obligations under Part 4 of the Treaties we have withdrawn our forces (Allied Control Commission contingents) and have so notified the governments concerned. We have also returned our representatives' unused local currencies and are in the process of restituting both diplomatic and private property in accordance with the Treaty's terms.

The Soviet Government has publicly announced withdrawal of occupational troops from Bulgaria, and we have no evidence at the moment to prove conclusively the contrary, although there are indications that Soviet Army personnel have remained in a civilian capacity.

(2) We have pointed out to the Bulgarian Government that dissolution of the Agrarian Party by legislative action is a denial of the fundamental freedoms guaranteed in Treaty Article 2 and expressed our "expectation" that the Government will repeal the law which in our opinion violates the treaty.² A completely unsatisfactory reply was received on December 6.

(3) We have taken similar action in Rumania, and expressed the opinion that the trial and sentence of Maniu and members of the Peasant Party is a violation of the treaty. The Rumanian Government has refused to entertain our protest on the grounds that it is an interference in the country's internal affairs.³

(4) Questionnaires have been submitted to the three governments requesting information on the status of and the future plans for military, air and naval establishments. The Bulgarian Government has twice refused to supply this information unless it is requested by the three Heads of Mission acting in concert. Hungary has done likewise,

² Regarding the note under reference here, see telegram 445, October 18, 1947, to Sofia. *Foreign Relations*, 1947, vol. iv, p. 185.

³ For documentation regarding the concern of the United States over the arrest, trial, and subsequent conviction of Iuliu Maniu, leader of the Romanian National Peasant Party, for alleged conspiracy against the Romanian state, see *ibid.*, pp. 493 ff.

but Rumania has evidenced a willingness to give military information "when available." We have asked the Bulgarians to assure us that their armed forces are not over treaty limits and have received an indirect and unsatisfactory reply. We have attempted to carry out our obligation under Article 12 of the Bulgarian Treaty (inspection of the Greco-Bulgarian frontier), but the Soviets have rejected our invitation to participate in an inspection and the Bulgarians have refused to cooperate in the inspection on the subterfuge that we are not acting in concert with the USSR.

(5) The Department has dispatched full guidance to the field for implementation of the economic clauses, and legal experts have been sent to each Mission. Meanwhile, private US war damage claims are being prepared and filed.

(6) The three governments have been notified of the pre-war treaties we wish to retain in force.⁴

(7) A Treaty Committee has been established in the Department for the purpose of coordinating policies for implementing the treaties.

CONCLUSION

The US is neither in a position where it can effectively force the satellite governments to live up to their obligations under the peace treaties, nor can it from a realistic point of view continue to maintain much longer, under present conditions, the concept of American business enterprises as economic outposts in these countries. However, the fact that the US is carefully observing treaty fulfillment or lack of it will help to extend the record of Soviet and satellite violation of agreements and may to some extent, as a harassment, deter the achievement of Soviet objectives.

RECOMMENDATIONS

The Department should

(1) continue its efforts to obtain fulfillment of treaty obligations in respect to all clauses, but keep fluid its approach to treaty violation in each instance. Emphasis should be placed on satisfaction of American claims, and fulfillment of the political and military clauses as distinct from the general economic clauses.

(2) vigorously prosecute claims of US citizens for war damage while continuing to freeze ex-enemy assets in the US until (a) claims are satisfactorily met and (b) adequate compensation assured for any expropriation of American property.

(3) protest and publicly condemn violations of the treaties, keeping before world opinion the continued efforts of the satellites and the

⁴ See the editorial note, p. 302.

USSR to evade their obligations under the treaties, whether in letter or in spirit.

864.404/4-2648 : Telegram

The Minister in Hungary (Chapin) to the Secretary of State

SECRET

BUDAPEST, April 26, 1948—6 p. m.

688. This morning on arrival at office I found waiting for me English speaking priest who identified himself as bearer of message from Cardinal ¹ who he said had been most anxious to discuss with me the present situation in Hungary but for obvious reasons felt that any personal interview this juncture would inevitably become known to Communists.

Father Olaszlo Magyar said that Cardinal was very much concerned over recent intensification of the Communist attack on Catholic Church and was in a quandary as to what advice to give his clergy and communicants. Cardinal had the impression that even moderate Communists such as Rakosi were losing power and that direction was now undertaken by Gero, a fanatic on direct order from Moscow. The Communists attempted to make appear that mass of Catholic laity opposed to clergy. Communists also trying in every way to split church clergy but so far able influence only one bishop, Banasz. Communists were openly boasting that in course of summer all instruction would be taken out of hands of Sisters and teaching clergy and given over to "democratic" laymen. In last few days confirmed reports had reached Cardinal that students being dismissed from state middle schools on grounds of too close Catholic affiliation. He cited case one small town where three boys dismissed for attending daily mass and four others belonging to Congregationists (sodality) of Mary. In universities and technical schools there had been officially inspired incitement to sexual immorality going so far as even to provide special rooms as a conscious attempt to break down religious morality. He cited several instances.

Great pressure still being brought on church to make some kind of temporary agreement whereupon the attacks would be suspended. Contrary to belief circularized in newspapers Cardinal glad to report that Calvinist Church had associated itself with Catholics in declining reach any agreement with civil authorities over control their schools and Lutheran Church, although it had first shown signs of ceding, had also recently stiffened. Nevertheless Cardinal aware his respon-

¹ József Cardinal Mindszenty, Prince Primate of Hungary and Archbishop of Esztergom.

sibilities felt that he must make some decision in immediate future whether to maintain stand on basis of Christian morality or whether to temporize. In making this decision he would like my advice and that my government.

I told Father Magyar that as he could appreciate it was a very difficult question and one in which I had no right to advise even if I had knowledge on which to base reply. When Father Magyar said that what Cardinal really meant was that he wanted to know whether in my opinion he should prepare for a short or a long term accommodation with Communists since apparently war was inevitable. I told him that I did not personally share the opinion that war was inevitable, I said that I felt I could go so far as to say that US certainly would never attack first and to best my knowledge and belief Soviet Government itself did not wish war but that of course there was always a possibility that some irresponsible persons might bring about a prestige situation which would have serious results. I then added that of course both Cardinal and I could have but a limited view of world picture as one could see only a very small fragment here in Hungary. I inquired whether Cardinal not in touch directly with Rome and whether had had safe means of communication to which Father Magyar replied that Cardinal was in constant and safe communication with Rome.

In my opinion this recent *démarche* probably caused by Rakosi speech weekend at Mezobegybes in which after denouncing "leaders of Catholic Church not yet followers of Democracy" he promised "we will not tolerate the abuses of the denominational schools and will oust reaction from the stronghold it is trying to build up under the cloak of the Roman Catholic Church".

Although this appeal for advice is in fact a reiteration of previous appeals from the Cardinal ² and from Archbishop of Eger I feel that in view of the tone of greater urgency it would be helpful to have such comments as Department can give me for transmission to Cardinal.

Repeated Rome for Parsons,³ Am Vat as 26.

CHAPIN

² There were also several subsequent appeals from Cardinal Mindszenty. On May 14 an emissary of the Cardinal called upon Minister Chapin to discuss the Communist pressure against the Church. In commenting upon this conversation in telegram 805, May 14, from Budapest, not printed, Chapin added the following:

"Among other points raised to my amazement was a request of Cardinal that in event Hungary liberated from Communist yoke that American Government would not forget the plight of the truly Hungarian population of subCarpathian-Ruthenia." (864.00/5-1448)

³ J. Graham Parsons, Foreign Service Officer at Vatican City.

711.64/5-348: Telegram

The Minister in Hungary (Chapin) to the Secretary of State

SECRET

BUDAPEST, May 3, 1948—9 p. m.

732. I today called on Foreign Minister accompanied by Deak¹ as interpreter and made oral representations along lines my 719, April 30,² which I believe made some impression. Foreign Minister attempted to draw me into detailed discussion of points, but I declined on basis that it was a statement of general principles which I wished to make and emphasized several times my belief that relations appeared to have deteriorated as result Hungarian lack cooperation on all issues to point where little purpose served in trying to work out individual problems in isolation but rather where global approach was required. This finally percolated and Foreign Minister reiterated assurances good faith, et cetera, to which I replied that while I accepted them at face value, we felt we wished to see evidence thereof in concrete form.

Towards end of interview, Molnar who had listened subdued took high moral stand and "rejected" assertion that "manner and timing" of breaking off air negotiations raised question of "seriousness and responsibility of Hungarian Govt".³

Molnar finally queried at end whether I implied matters had gone so far that solution individual problems impossible. I replied that I had not said that, but rather that I felt a serious effort should be made to solve all outstanding problems supported by cooperative spirit, that if Hungary really interested in resumption restitution shipments, my government might be moved by tangible evidence such spirit.

When he asked for my suggestions as to what forms such approach should take, I replied next move up to Hungarian Government but that if there were any proposals he wished make me next week after my return, I would gladly examine them and that I was prepared

¹ Francis Deak, Civil Air Attaché at Budapest, Bern, Belgrade, Bucharest, Praha, Sofia, and Vienna.

² In January 1948, American military personnel and Hungarian repatriates were exposed to mistreatment at the hands of Hungarian authorities in an incident aboard a Hungarian repatriation train passing through the Soviet zone of occupation in Germany. Following a dilatory, unsatisfactory, and insulting Hungarian reply to the American protest on the incident, the Hungarian repatriation mission was expelled from the United States zone of occupation in Germany and restitution operations to Hungary were suspended. In the telegram under reference here, Minister Chapin stated his intention to inform the Hungarian Foreign Minister that the United States Government was not disposed to resume restitution shipments until it had received evidence of Hungarian good faith and desire to collaborate in the settlement of many other outstanding problems such as nationalization, the use of a Legation aircraft in Budapest, war damage, agrarian and other claims, and the sudden breaking-off of civil air agreement negotiations (711.6427/4-3048).

³ For additional documentation on United States civil air policy toward the satellite states, see pp. 436 ff.

either in person or through one of my staff to hold meetings with Foreign Office with view to settling some of our outstanding problems.⁴

Throughout conversation it was made abundantly clear that Hungarian Government greatly concerned over suspension restitution shipments and searching desperately for some means of exit. I made it repeatedly clear that Hungarian Government must just change its attitude and tactics before it could expect reconsideration by US Government.

Although I frankly do not expect much in the way of satisfaction, I believe Molnar was impressed by seriousness and firmness our position and that not unfriendly attitude assumed contributed to this impression.

CHAPIN

⁴ Officers of the Legation in Budapest met with the Chief of the Political Section of the Hungarian Foreign Ministry on May 11 to discuss outstanding issues between the United States and Hungarian Governments. Through August 1948 twelve additional meetings were held, but little progress was made aside from the statement of claims and counterclaims.

740.0011 EW (Peace)/5-348: Telegram

The Secretary of State to the Legation in Hungary

SECRET

URGENT

WASHINGTON, May 3, 1948—5 p. m.

450. Unless you perceive objection address note to Brit and Sov colleagues requesting at early date *ad hoc* meeting of three Heads of Mission to consider principles involved in implementation of military clauses of the treaty. Consider it best tactics not be specific re wording invitation.

In addition to SANACC 244/9,¹ following is guidance for meeting for use in your discretion:

1. Election of chairman unnecessary but official transcript or agreed summary minutes of meeting shld be recorded in cooperation staff three missions.

2. In your introductory remarks state it evident to all that Hun armed forces at this time are below treaty limits (alternatively for Bulg and Rum no evidence yet available their forces above treaty limits) but that it obvious such matters as impending army reorganization, mobilization plans, location and composition present armed forces, etc., are of importance to US in carrying out obligations under treaty, etc.

3. Describe developments concerning requests for military info, ie: that US had interpreted final clauses of treaty to mean any signatory has right in its own interest to request info unilaterally but that local

¹ SANACC 244/9, April 23, 1948, is a revision of SWNCC 244/7. Amendments to SWNCC 244/7 are indicated in telegram 451, May 3, to Budapest, *infra*.

govts have taken position no info can be supplied unless three Heads of Mission act in concert.

4. Citing "acting in concert" article ask your colleagues for joint action in requesting info re military clauses along lines questionnaire previously submitted to Govts.

General purpose of meeting shld be obtain firm statement Sov position for record, particularly confirmation their adherence principle of acting in concert. You are cautioned against raising issues of substance such as militia, size of forces, etc.²

For Sofia only. Inspection Greco-Bulgarian frontier, shld also be considered meeting, referring to unanswered Leg note of Feb 28 to Sovs, which reiterated invitation to participate in inspection, and Bulg note of March 17.³ If Sovs agree to inspection, you shld avoid Sov selection particular areas.

Deptel 358, Apr 5, sent also to Sofia as 227, Bucharest 244, rptd London for FonOff as 1168, Moscow 367, Rome 954.

MARSHALL

² Acting on the instructions contained in this telegram, the Legations in Sofia, Budapest, and Bucharest on May 4 transmitted to the British and Soviet mission heads in their capitals notes requesting the convening meetings of the American, British, and Soviet heads of mission to consider the principles involved in the implementation of the respective peace treaties. British authorities were fully in accord with the American proposal. The Soviet Ambassador in Romania accepted the invitation on May 5, but he subsequently was unable to attend the first scheduled meeting on May 18, and finally, on May 26, he formally declined to participate at all. The Soviet Chargé in Sofia refused orally on May 10 and again on May 26 to participate in meetings of the mission heads in Bulgaria. A formal written Soviet refusal was addressed to the Legation in Sofia on June 5. In a note of May 14 the Soviet Ambassador in Hungary declined to participate in the proposed meeting of mission heads in Budapest. Correspondence on this topic is included in file 740.0011-EW (Peace).

³ Regarding the notes under reference here, see footnote 6, p. 285.

740.0011 EW (Peace)/5-348: Telegram

The Secretary of State to the Legation in Hungary

SECRET URGENT

WASHINGTON, May 3, 1948—5 p. m.

451. Following are approved amendments to Annexes A, B and C to Appendix C SWNCC 244/7 (Deptel 358 Apr 5, sent also to Sofia as 227, Bucharest 244, rptd London for FonOff as 1168 Moscow 367 Rome 954).¹

¹ On April 22, 1948, the State-Army-Navy-Air Force Coordinating Committee approved the amendments to SWNCC 244/7, September 10, 1947 (*Foreign Relations*, 1947, vol. iv, p. 21) presented in this telegram. The revised version of SWNCC 244/7 was circulated as State-Army-Navy-Air Force Coordinating Committee document SANACC 244/9, April 23, 1948 and is included in file 740.0011 EW (Peace)/4-2648.

Specific Guidance.

10. US Head of Mission shld assume positive rather than defensive attitude toward his responsibilities for verifying treaty execution of military clauses. He shld keep fluid approach to treaty violations in each instance, bearing in mind US Govt may wish to protest and publicly condemn violations of treaties in order keep before world opinion continued efforts of Satellites and USSR to evade obligations under treaty, whether in letter or in spirit.

11. US Head of Mission shld continue efforts to obtain official information on military subjects from Govts to include (a) present strengths, location and composition of armed forces (b) plans for implementing treaty articles including proposed tables of organizations and equipment. US cannot consider ex-enemy countries have fulfilled obligations under treaty unless this info has been supplied and subsequently approved by US.

12. Para-military organizations, such as gendarme, frontier guards or militia, etc., if their present military character unchanged shld be classified as military organizations and either required to be included in strengths of armed forces or reorganized on non-military basis, information of which shld be included in 11 (a). Protests re para-military forces shld not be undertaken, however, unless specific instructions received from Dept. All info and evidence obtainable re para-military forces shld be reported.

13. US reserves for future the right to request through normal diplomatic channels and without reference to other diplomatic missions any and all info necessary to assure compliance with terms of treaty. However, because satellite Govts interpret final clauses so as refuse military info on grounds requests are not received from three Heads of Mission acting in concert the US Head of Mission in requesting such info shld until directed otherwise act in concert with Brit and Sov colleagues. US does not wish at this time to enter into dispute leading to arbitration with ex-enemy Govts on interpretation of "acting in concert" article, but desires instead to set precedent in Balkan countries for acting in concert in those cases where no other course of action is effective.

14. In re obligation of US Head of Mission to assure himself of proper fulfillment of military clauses, which implies right of inspection, not only because US is signatory of treaty but also since Govt agreed to afford said three Heads of Missions "any assistance which they may require". US interprets treaty to mean inspection of this nature shld be made "acting in concert" as provided in final clauses. When inspection re military clauses is considered desirable US Head of

Mission shld request colleagues to act in concert with him. However, he shld consult Dept before taking such action.

15. When evidence of inadequate treaty compliance has been obtained re military clauses, it shld be referred to Dept for instructions.

16. Because action on treaty matters in one ex-enemy country affects that in another and since US action in Balkans can be used in Italy as a precedent either by US or Sovs, there shld be maximum coordination between Legs Sofia, Bucharest, Budapest and Emb Rome and between these Missions and Dept. In matters of importance, Embs Moscow and London shld also be informed.

17. There shld also be maximum coordination of action between US and UK Heads of Mission since it is US desire to align its policy closely with UK in implementation of military clauses.

Sent Budapest as 451, Bucharest 285, Sofia 274, rptd London for FonOff 1577, Moscow 491, Rome 1263.

Above amended is SANACC 244/9.

MARSHALL

124.743/5-948 : Telegram

The Minister in Bulgaria (Heath) to the Secretary of State

CONFIDENTIAL

SOFA, May 9, 1948—1 p. m.

573. After several days delay Foreign Minister Kolarov received me Saturday afternoon, 8th.¹

I informed him that while Andreichin² and other Foreign Office officials had given us some oral "explanations" of detention of Bulgarian employees of Legation, we had never received a written reply to our notes on subject. It would be in accordance with international courtesy and to Bulgaria's advantage if Foreign Office would inform Legation in writing with respect to charges and evidence against these employees. Kolarov said he would consider matter. I pointed out that likewise we had received no reply to note of March 29 (Legtel 346, March 15)³ in which I accepted an arrangement originally suggested by Foreign Minister where Bulgarian employees of Legation would not be arrested until after advance notification and in appropriate cases consultation with Foreign Office. Kolarov said that such an

¹ Most of the issues raised by Minister Heath with Foreign Minister Kolarov at this meeting had been discussed in an earlier conversation on March 13 (telegram 345, March 14, from Sofia, not printed, 874.5034/3-1448) and were again taken up in a subsequent conversation on July 1 (telegram 797, July 2, from Sofia, not printed, 124.743/7-248).

² George Andreichin, Counselor of the Bulgarian Foreign Ministry.

³ Not printed.

arrangement was possible and desirable and indicated he would shortly reply to our note.

2. I also reminded Foreign Minister that he had promised to reconsider Foreign Office request that Legation remove its plane from Bulgaria and inquired whether he had yet reached a decision in matter. He said he had not yet completed study of subject and indicated he would inform Legation shortly.

3. I delivered a note protesting efforts Bulgarian Government move Legation from present library reading room quarters stating that if for any reason these had to be moved we looked to government for equally good premises to be furnished without any interruption of library's operations. Foreign Minister replied he had similar request from Italian Minister re Italian library which was faced by similar threat and indicated without actually committing himself that matter would be arranged to our satisfaction.

4. I pointed out that several weeks had passed without government fulfilling its promise to start amicable negotiations for acquisition of Petrole property (Legtel 550, May 4).⁴ Foreign Minister expressed great surprise at this information and said perhaps it was due to absence of Commerce Minister. I replied that Commerce Minister had received former manager of Petrole but informed latter that he was not authorized to offer him anything but Bulgarian bonds although it was clearly provided in law that other payment arrangements could be negotiated. The manager was endeavoring obtain an interview with Vice Premier Traicho Kostov and I thought Foreign office should support such an interview. I emphasized that Petrole issue is very important one for Bulgaria and international interests concerned and should not be allowed to drag on. Kolaroff agreed that matters should be expedited but made no definite statement when negotiations would begin.⁵

HEATH

⁴ Not printed. In December 1947 the Bulgarian Government seized the partly American-owned Petrole Company (Petroleum Products Distribution Company) and arrested its key employees. In a series of oral and written communications beginning in late December 1947, Minister Heath protested the seizure and the difficulties made by Bulgarian Government officials in connection with a settlement of the controversy.

⁵ Negotiations between American and Bulgarian representatives regarding compensation for the seized Petrole Company property began on June 1 in Sofia but made little progress. In August and again in September Minister Heath protested to the Bulgarian Foreign Ministry regarding the failure of the Bulgarian Government to live up to its assurance that amicable negotiations would be undertaken on the matter. Documentation on the Petrole Company compensation problem is included in file 474.11 EW.

740.0011 EW (Peace)/5-948: Telegram

The Minister in Bulgaria (Heath) to the Secretary of State

CONFIDENTIAL

SOFIA, May 9, 1948—3 p. m.

574. At close my talk with Kolarov (see preceding telegram)¹ I remarked that I would appreciate clarification of statement in his speech of May 7 (Legtel 571, May 8²) that request of two "big powers" to inspect Bulgaria's southern border region was "an openly unlawful act".

At first arguing that "unlawfulness" was explained in subsequent portion of speech Kolarov finally stated that "illegality" of request lay in fact that it was not made in concert (Article 36 of peace treaty) by all three powers. He went on to argue that request was improper because the inspection of border would violate Bulgarian sovereignty. I replied that practically any treaty concluded by Bulgaria and US limited their sovereignty in some point or degree principally Article 12 proposing inspection Bulgaria had accepted limitation on her "sovereignty" in agreeing not construct fortifications where weapons capable of firing into Greek territory could be emplaced. Kolarov admitted this but went on to say that when treaty was negotiated it was recognized that there were no fortifications of this character and that unless we had "suspicion" that such fortifications had been constructed in some particular place then we had no right propose an inspection. (This was argument used by Soviet Chargé Legtel 207, February 16.)² We obviously did not believe there were any such fortifications since border had been inspected a year ago and none were found or could have been built since that time.

I observed that in this modern age fortifications could be quite speedily constructed but question of whether or not they had in fact been built was hardly in point. Article 12 forbade their construction and obviously obligated powers entrusted with responsibilities for implementation of treaty to inspect and report as to their existence or non-existence. It was not question of doubting Bulgarian assurances but Bulgarian Government was an interested party and could not act as sole judge of implementation of multilateral peace treaty.

Kolarov did not dispute this statement but went on to say that if Bulgaria admitted right to make inspection then we could claim right inspect "every day". Furthermore, we had not asked to inspect on point or points but had asked to roam entire border at will which

¹ Bulgarian Foreign Minister Vasil Kolarov received Minister Heath on the afternoon of May 8. That conversation is reported upon in telegram 573, May 9, from Sofia, p. 332.

² Not printed.

would be an inadmissible violation of Bulgaria's sovereignty. With "Greek forces firing on Bulgarian territory, killing and abducting frontier guards" Bulgaria obviously could not permit such investigation of its defense regions. Greeks had fortifications right on Bulgarian border in Struma Valley but across border Bulgaria had none.

I remarked that I did not wish discuss border question at this time but that he must admit that it was at least a controversial one in which severe complaints had been made against Bulgaria. Obviously, we had neither time nor desire make daily inspections and the practical question of how many inspections should be made had as far as I knew not been studied. However, if I might be so bold as to make a personal suggestion on Bulgarian policy, I thought it would be advantageous to its reputation not to await request for these border inspections which were required by treaty but itself take initiative in asking powers responsible for treaty implementation to make complete inspection. If such inspections showed absence of such fortifications as he assured me it would report to that effect would in every way redound to Bulgaria's advantage.

Kolarov smiled in rather troubled way and changed subject by inquiring about my recent trip Istanbul. He assumed it was "political trip". I replied that I had a very pleasant time in Istanbul.

Prior to seeing Kolarov I spoke with his special assistant George Andreichin who had asked me to come earlier to talk with him. I remarked to Andreichin that Foreign Minister's speech had been "strong" and I had not understood his statement that proposed border inspection was "unlawful".

Andreichin said we must understand that it had been his duty to bring to Kolarov's attention statements recently made by Law in debate in Parliament to effect that Greek-Bulgarian border should be sealed by international troops and if inspection for fortifications were denied by Bulgarian Government then an aerial photographic survey should be made of Bulgarian borders. This taken together with a statement made by someone in US Congress that three or four American divisions should be sent to guard border and only present lack of troops prevented this from being done naturally alarmed Foreign Minister. Andreichin then changed the subject.

I gained distinct impression from talking with Kolarov that he was perfectly aware of our right make such inspections and intended if request was pressed to avoid direct refusal by seeking after delays to limit trip to some specified border point—say the Struma Valley which he had mentioned.

Andreichin's remark above-quoted is another indication that there is real apprehension lest international guards be assigned seal Greek-

Bulgarian border. In this connection, it will be recalled that Kolarov stated to Bulgarian journalists (Legtel 372, March 21)³ that Bulgaria did not want American troops on frontier. One is tempted to think that if Bulgarian Government (i.e. Soviets) does not wish international guards posted in Greece that it must be right thing to do.

Department's instructions or comment on my statement to Kolarov's would be appreciated.

Sent Department 574; repeated Athens 41, Athens pass BalCom, London 62, Belgrade 46.

HEATH

³ Not printed.

864.404/5-2148: Telegram

The Secretary of State to the Legation in Hungary

SECRET

WASHINGTON, May 21, 1948—7 p. m.

522. We concur with you it is not advisable for US to intervene in current issues between Church and State. (Urtels 815 May 18¹ and 688 Apr 26²) We do not of course underestimate importance of Catholic Church in current political scene in Hungary but believe Vatican can more correctly assess situation on which to advise Cardinal with whom it apparently has adequate communication.

We will continue give appropriate VOA treatment to church's views based on factual reports available.

MARSHALL

¹ Not printed; it reported that Cardinal Mindszenty had appealed to the Legation to make diplomatic representations to the Hungarian Government in the interest of church schools threatened with secularization. Minister Chapin further reported that he had already indicated to the Cardinal that it was extremely unlikely that the United States could give any support officially to the Church in view of the well-known traditional American attitude on refusing state support to sectarian or private schools (864.404/5-1848).

² *Ante*, p. 326.

864.00/5-2148: Telegram

The Minister in Hungary (Chapin) to the Secretary of State

SECRET

BUDAPEST, May 21, 1948—8 p. m.

829. Despite Truman Marshall statements regarding Smith-Molotov exchange¹ and lapse of time marked by seeming diplomatic in-

¹ For the exchange between the American Ambassador in the Soviet Union, Walter Bedell Smith, and Soviet Foreign Minister Vyacheslav Mihailovich Molotov in May 1948 on American policies and purposes regarding the Soviet Union, and the statements by President Truman and Secretary of State Marshall on this exchange, see Department of State *Bulletin*, May 23, 1948, pp. 679-686; for additional documentation on this topic, see pp. 845-857, *passim*.

action, optimism persists among political minded non-Communist Hungarians concerning probable impact on Hungary of anticipated international developments (see mytels 797 May 12 and 805 May 14).² Though it would appear imprudent not to recognize contribution of wishful thinking combined with psychological need for self-deception in dramatic shift in current political expectation nevertheless hard core of reasoning which constitutes basis for renewed and active hope deserves special attention if for no other reason than that Hungarians living at crossroads of east and west have developed greater sensitivity to and understanding of working of Byzantine mind.

Reasoning indicated above appears built on number basic assumptions:

(1) Time is now unquestionably working for west. Soviet power, influence and prestige have reached a high water mark and since Italian elections have begun to ebb, solid substance being poured into frame western Europe. Tortured and disorganized western Europe which following economic consolidation and military rehabilitation foreshadowed by ERP could prove strong enough unaided to repel Soviet aggression, lacks only necessary self-assurance and faith in righteousness of its historic mission. Necessary self-confidence is being restored gradually by enlightened economic self-interest of America and the prodigious feats of industrial economic and military organization which are in process of achievement by US.

(2) Soviet is now unprepared psychologically, economically or militarily for war.

(3) In face of growing pressure asserted since Czech coup by free world under US leadership Soviets now appear to be faced with three possible courses of action:

- (a) Wage a preventive war before west is adequately prepared
- (b) Hold tight under mounting pressures which would sooner or later ultimately lead to war
- (c) Attempt a settlement.

With respect to (a) it sufficient remark that Soviets are unprepared. Possibility (b) on other hand seems too risky since it involves for Soviets strong probability of decisive defeat and loss of everything.

(4) If assumptions are valid that time now working for west and Soviets unprepared for war then manifestly Kremlin must seek settlement. Soviets therefore deliberately chose present juncture for negotiations looking towards settlement since myth Soviet invincibility—so meticulously and indefatigably propagated not only by Soviet

² Neither printed; they reported that as a result of the defeat of the Communists in the Italian elections and the Smith-Molotov exchange, Hungarians appear to be much more optimistic that substantial changes might occur in Hungarian political life without recourse to armed conflict. The Hungarians appeared to feel that recent Western successes were limiting Soviet power and prestige in Europe and that the Soviet tide was beginning to recede (864.00/5-1348 and 864.00/5-1448).

propaganda but contributed to for a while also by a confused and misguided west—now in danger of gradual evaporation; and general recognition by great masses of essential Soviet weakness and compelling western strength would certainly undermine bargaining position of Soviets. In other words, Kremlin has indicated willingness to negotiate European settlement now in hope yielding only that which she must yield in any case (Austria, General Markos, opposition to Marshall Plan and concessions in Germany)³ and of retaining as much as possible of empire erected in eastern Europe.

(5) In such negotiations US probably would compromise holding out for Hungary and Czechoslovakia (special reference of President to these countries in March 17 speech to joint session of Congress)⁴ and Russia would certainly accept since a year from now when myth of Soviet as wave of future exploded Soviets could not hope to obtain comparable terms.

While this Hungarian reasoning may appear unduly optimistic, it may not seem altogether unreasonable if we exercise long-term imagination, ponder history of traditional Russian foreign policy with tactic of two steps forward one backward and pay due regard to fundamental Soviet weakness and remarkable elasticity of Soviet tactics. I now inclined believe there is possible basis for hope that Hungary need not be written off completely as yet and that at some point in future either as result of successful diplomatic negotiations or due to magnetic power of rehabilitated western Europe, democratic processes may be restored in Hungary. I say this mindful of probability, if not certainty, that local Communists will pursue further program of consolidation, perhaps in yet another determined effort to subdue the undecided and disenchanted and coerce obedience and adoration, if only to effect maximum major ideological and structural changes which could not easily be undone and which may be designed to cause optimum hardship and embarrassment to subsequent administrations.

In light above, validity which Department is in better position evaluate, it seems to me there may be some merit in thinking in terms of limited objectives by combining in our relations with Hungary policy of increased firmness with efforts slow down and minimize Communist consolidation. For the present such program may, I believe, conveniently be formulated to four points:

(1) By non-aggressive formally, friendly and cordial relations of Legation with Hungarian Government to slow down consolidation and prevent elimination institutions and growth which may at some

³ For documentation regarding the occupation and control of Austria, see vol. II, pp. 1411 ff.; Markos was the head of the so-called Greek Liberation Army and the so-called Provisional Democratic Government of Free Greece; for documentation regarding the efforts of the United States in assisting the Greek Government to suppress the Communist-led Greek guerrilla movement, see pp. 222 ff. For additional documentation regarding the European Recovery Program, see *ante*, pp. 1 ff. Documentation on Germany is included in volume II.

⁴ For the text of the President's address to Congress on securing the peace and preventing war, see Department of State *Bulletin*, March 28, 1948, p. 418.

point to future be capable of reviewing [*reviving*] democratic processes in Hungary.

(2) Utilization unrestituted property in Germany—for whose acquisition we have good reason to believe current Hungarian regime willing to make considerable concessions—as bargaining weapon to achieve slow-down in pace of consolidation (mytel 816 May 18).⁵

(3) Within framework of comprehensive program to satellite countries to set up powerful transmitters in Austria and Germany under army auspices to beam alert and aggressive long language programs to Hungary (as well as target language programs to other Soviet satellites). I recommend that these stations, staffed with competent personnel, broadcast as a “voice to displaced persons” and that they monitor radio Budapest newscasts (and those of other satellites) daily identifying, indicating source and correcting distortions. If instituted such broadcasts could in addition to reaching optimum audiences forcefully indicate increased pressure (explanation could always be advanced that these programs prepared for displaced persons) and offer encouragement to overwhelming majority of population which regards current regime as unacceptable since it meets none of requirements of established principles of legitimacy.

(4) So to plan democratic development of Austria as to establish useful precedents (request by one or another Austrian party for UN supervised election, followed by arrival of UN Commission to observe election preparations, voting, etc.) on basis of which east European countries could under more favorable conditions, redress disproportionate influence and power of minority groups.

Repeated London 62, Paris 102, Berlin 59, Vienna 7. Department pass Moscow 85.

CHAPIN

⁵ Not printed.

CFM Files : Lot M-88 : Box 104 : TIC Documents

*Memorandum Prepared in the Division of Commercial Policy of the
Department of State*¹

SECRET

[WASHINGTON,] May 25, 1948.

Subject: The situation in regard to the outstanding problems which have arisen in connection with the enforcement and implementation of the Peace Treaties with Bulgaria, Hungary and Rumania.

PROBLEM

On September 15, 1947 the peace treaties with Bulgaria, Hungary and Rumania went into effect. Each one of these treaties contained an article on General Economic Relations which was designed for the

¹ This memorandum was prepared for the information of the Department of State's representatives to the Conference on the Implementation of the Treaties, held in Rome, June 14-21, 1948. Regarding that Conference, see footnote 1, p. 353.

purpose of establishing fair and equitable trade relations between the ex-enemy states and the United Nations. Among the basic economic principles to be observed were non-discrimination in trade and economic opportunity and unconditional most-favored-nation treatment to be extended on a reciprocal basis.

The recent history of economic developments in these countries, resulting from the totalitarian policy and conduct of the Communist-controlled governments, leads to the realistic belief that there will doubtless be no hesitation on the part of these countries to discriminate against U.S. interests in favor of the USSR in economic matters and to make impossible the continued existence of any American business interest in Eastern Europe which could be considered to stand in the way of current programs directed toward complete socialization of their economies.

ACTION TAKEN

The United States Government, through its diplomatic missions, has lodged, and continues to lodge, protests with the governments of these countries with regard to each and every action contemplated or actually taken against American economic interests which the U.S. considers clearly to constitute a violation of the economic provisions of the respective peace treaties.

These protests, in most cases in the form of diplomatic notes, have usually had only a limited remedial effect although they have served in many cases to postpone, or at least temporarily suspend, action which would otherwise adversely affect U.S. interests.

Since March 1, 1948 when U.S. export controls were placed on goods destined for Europe and certain contiguous territories, the U.S. position in protesting treaty violations has been weakened in that the U.S. licensing program is in itself a violation of the principles of non-discrimination and unconditional most-favored-nation treatment.²

CONCLUSION

Short of U.S. force, the real threat of the use of force or a highly improbable reorientation of Soviet foreign economic policy vis-à-vis the "satellite states" which would provide a greater degree of free enterprise therein, it will doubtless be increasingly difficult effectively to enforce and implement the economic clauses of the peace treaties with Bulgaria, Hungary and Rumania.

In fact, it is anticipated that the treaties will continue to be violated both in letter and in spirit.

² For additional documentation regarding United States policy with respect to trade with the Soviet Union and the countries of Eastern Europe, see pp. 489 ff.

RECOMMENDATIONS

The Department should

(1) not only continue but redouble its efforts to solve as completely and expeditiously as possible the outstanding economic problems which have arisen in connection with the enforcement and implementation of the peace treaties with Bulgaria, Hungary and Rumania. All effective and positive means of bringing about fulfillment of the obligations contained in the economic clauses of the treaties should be utilized.

(2) in cases where expropriation or nationalization can no longer be forestalled (a) demand adequate compensation for expropriation and (b) vigorously prosecute claims of US citizens for war damage while continuing to freeze ex-enemy assets in the US until all claims have been satisfactorily met.

(3) protest and publicly condemn violations of the economic clauses of the peace treaties, keeping before world opinion at all times the continued efforts of the "satellites" and the USSR to evade the obligations under the treaties, whether in the letter or in the spirit.

These recommendations are applicable to the present situation, which should be kept under constant review, in the light of changing circumstances.

There is attached hereto (Part II) a list and summary of specific cases which have arisen in connection with the enforcement of the economic articles of the treaties of peace with Bulgaria, Hungary and Rumania.

[Annex]

*Paper Prepared in the Division of Commercial Policy of the
Department of State*

[Extracts]

SECRET

[WASHINGTON, undated.]

OUTSTANDING ECONOMIC PROBLEMS IN CONNECTION WITH ENFORCEMENT OF THE PEACE TREATIES WITH BULGARIA, HUNGARY AND RUMANIA

Specific cases which have arisen in connection with the enforcement of the economic articles of the Peace Treaties with Bulgaria, Hungary and Rumania, to date, are listed and briefly summarized below:

A. IN BULGARIA

1. The Petrole Company of Bulgaria in which there was a substantial U.S. (Socony Vacuum) interest through a Rumania parent company was taken over by the Bulgarian Government early in 1948 on

the basis of nationalization decrees. The company was taken over, in fact, before the nationalization law came into effect. The illegality of this procedure as a violation of the Peace Treaty was made known to the Bulgarian Government through a note from the Legation at Sofia. It was pointed out that Petrole was primarily a distributing agency and not properly to be included under the Nationalization Law. However, Petrole has now become the integral part of the Bulgarian State Petroleum Monopoly.³

2. The law for the Nationalization of Industrial and Mining Enterprises was passed December 24, 1947. It provided for nationalization of nearly all private industrial enterprises but did not affect enterprises which were the property of other states. This law provided not only for the taking over by the government of industrial properties but also the owners' private houses and their contents.

3. The restitution of Bulgarian property in Germany has been proceeding but it has been recommended that U.S. facilitation of such deliveries be based on fulfillment by Bulgaria of terms of the Treaty.

4. With the nationalization law, and other legislation and regulations, all of the large firms engaged in foreign trade are now virtually organs of the State. Bulgaria has signed bi-lateral trade agreements with all of the countries in the Soviet sphere and with nine Western Europe countries. It has become practically impossible for a private foreign enterprise to establish and or maintain a business in Bulgaria.

5. Bulgaria has not extended international commercial aviation rights to the United States. U.S. policy states that "the obligations in connection with international civil aviation are imposed for a period of only 18 months and are qualified by the requirement of reciprocity. 'Equality of opportunity' is to be understood in the sense that a request by the United States for international commercial aviation rights will be weighed by the same standards as a similar request by any other United Nation. If rights are requested and denied, any representations resulting from such refusal would have to be made on the basis that 'equality of opportunity' in this sense was denied. The right which Bulgaria and other ex-enemy states are required to extend, and then only on condition of reciprocity, is the right to fly over their respective territories.

In the case of Bulgaria, at Soviet insistence the following sentence was inserted in the Peace Treaty:

"These qualifications shall not affect the interests of the national defense of Bulgaria."

The ex-enemy states, like Bulgaria, for example, may attempt to interpret this statement in a restrictive fashion. It may be argued that

³ Regarding the Petrole case, see also telegram 573, May 9, from Sofia, p. 332.

exclusive or discriminatory rights may be granted to a nation undertaking to come to the defense of the ex-enemy. The Department has asked that the missions report any attempts on the part of Bulgaria or other ex-enemy states to invoke this provision, or "escape clause."

6. The American College, located near Sofia, which is wholly U.S. owned, being a property of the Near East College Association is a potential problem because of the law with regard to the nationalization of urban real estate. The college is not going to re-open. It is valued at about \$1,000,000 and claim will be made, under the Peace Treaty, for "prompt, adequate and effective compensation" whenever such property is taken over by the Bulgarian Government.

7. How to attack the discriminatory features of the urban real property law, which provides for expropriation and nationalization of urban holdings has become one of the central problems of the treaty implementation officers at the Legation in Sofia. The case above, of the American College, is a case in point.

8. In connection with the capital levy tax the Department has expressed the belief that there might be some advantage in requesting of the Bulgarian authorities that they agree that U.S. nationals are not required to pay the tax pending a determination as to whether or not the tax is applicable to them. It has been suggested that the Legation present a note reserving all rights which the U.S. and its nationals may be determined to have under the Peace Treaty, inviting the attention of the Bulgarian Government to the action of the Hungarian Government in agreeing that U.S. nationals would not be required to make tax payments pending determination of the applicability of the tax to U.S. nationals and requesting that the Bulgarian Government take parallel action.

B. IN HUNGARY

1. MAORT (Magyar-Amerikai Olaj Reszvenytarsasag), the Hungarian-American Oil Company which accounts for approximately 99 per cent of Hungary's crude oil production, has been under continual fire from the present Hungarian Government. The MAORT war claims are based on five categories of losses: (1) actual war damages; (2) losses of income attributable to arbitrarily low prices paid to the company for crude oil; (3) destruction of buildings belonging to the pension fund for which the company has financial responsibility; (4) gas rights purchases in Yugoslavia (upon the order of the Hungarian Government); and (5) for monies expended by the Company for the construction of a gas line in Transylvania.

MAORT is presenting these claims against Czechoslovakia and Hungary.

During the long Easter weekend the Hungarian Government clamped down restrictive controls over both MAORT and Vacuum as well as Hungarian industries and placed Hungarian Government administrators over the companies.

2. The transfer to the Soviet Union of German external assets, in which there is U.S. beneficial interest, or even actual ownership has been the subject of considerable negotiation.

The position taken by the Hungarians is that the transfers were made upon the order of the Allied Control Council for Hungary, in which the United Kingdom and the United States were represented, hence the role of the Hungarian Reparations Office was merely that of executing a higher command. The Hungarian-Soviet Mixed Commission had been the agency responsible for the transfer to the Soviet Union of these assets. However, during the Armistice period, when a Legation representative appeared before that body to represent an American interest, he was confronted by Russians only, there being no Hungarians present. The Department understands that this Commission has refused to accept on its agenda, any case which would involve the restitution from the USSR of a German external asset.

In this situation the Hungarian authorities state that they are powerless to act and that representations should be made by the Legation to the USSR, although the Hungarian Reparations Office has agreed to accept evidence of proof of ownership by United States nationals.

The position of the U.S. Legation at Budapest is that it is accredited to the Hungarian Government at Budapest and not to the USSR; furthermore, that the United States Government deals with the responsible parties and that, in this case the Hungarian Government is responsible for the illegal transfer of these properties in which there are American interests.

3. The expropriation of U.S.-owned rural property in Hungary during the Land Reform has been the subject of negotiations between the Legation and the Hungarian Government and concerns various properties in which American nationals have beneficial or full ownership. This is a claims matter for settlement under the Treaty terms.

4. The problems with regard to the restitution of identifiable Hungarian property removed by force or duress to Germany without compensation have continued to cause considerable concern because, with each restitution consignment, the already feeble bargaining position of the United States, in obliging the Hungarians to live up to their Treaty responsibilities, is weakened.

In contrast with the slow and grudging implementation of the other economic Articles of the Treaty, the Hungarian Government, during December 1947, settled by compromise with the Soviets, the so-called

"debts of Hungarian natural and legal persons to German physical and judicial persons". Under this agreement Hungary agreed to pay \$45 million in cash and commodities as settlement for some \$200 million claimed by the Soviets as the total amount owed by Hungary or its nationals to German enterprises transferred to the U.S.S.R. as German external assets. The Soviets produced paragraph 4 of Article 30 to cancel the Hungarian claims against these former German interests.

The Hungarians have implemented their agreements with the Soviets by several decrees, as, for example, the recent decree cancelling all claims existing prior to January 20, 1945 against companies in Hungary, half or more of the ownership of which has been transferred to Soviet Union on the grounds of the Soviet interpretation of the Potsdam agreement. While the Legation has received no complaints, it is foreseen that investigation may reveal that this decree has cancelled legitimate American claims against what are today Soviet enterprises in disregard of the spirit of Articles 26 and 31.

5. The changeover in Hungary from private foreign trading operations to State trading has now been practically completed. By legislation and decrees nearly all foreign trade is channelled directly or indirectly through official or semi-official trading companies or similar organizations.

Foreign trading operations are carried on not on a multi-lateral basis but on a bi-lateral basis. Hungary has bi-lateral trade agreements with all of the Soviet satellite states and with ten Western European countries.

In a recent query as to the position of the bi-zonal trading organizations in Western Germany vis-à-vis Hungary the Department pointed out that there are no U.S. policy objections to bizonal trade with Hungarian Government controlled agencies; that U.S. policy is to encourage private trade whenever and wherever possible but that application of this policy does not extend to refusal to deal with State trading agencies. When State trading agencies and private traders both function in a country, such as in Hungary, the choice of dealing should be based principally on commercial considerations and not on those of private versus government trading. This policy discussion was presented as an amplification of the Peace Treaty article on General Economic Relations.

6. The claims presented by the oil companies for adequate compensation for petroleum products furnished on requisition to the Soviet Army have been principally those put forward by MAORT.

The Hungarian Government arbitrarily fixed very low prices, which were paid to the Company, for crude oil. These prices have usually been considerably less than the basic cost of producing the crude oil. The Company has hoped to receive satisfaction from a claim against

the Hungarian Government for losses suffered by the Company due to these arbitrarily low prices.

7. The situation with regard to international commercial aviation rights in Hungary showed considerable improvement in the first part of 1948, when negotiations for a US-Hungarian exchange of air rights made considerable progress. However, shortly thereafter the Communist high command apparently learned of the negotiations and took immediate steps to bring about a breakdown of the discussions.⁴

As in the case of the Peace Treaties with Bulgaria and Rumania, the right which Hungary is required to extend, and then only on condition of reciprocity, is the right to fly over its territory. At the insistence of the Soviet delegation at the Peace Conference the following qualification was introduced:

"These provisions shall not affect the interest of the national defense of Hungary."

It has been feared that the ex-enemy states might attempt to interpret this qualification in a restrictive fashion. It might be argued, for example, that exclusive or discriminatory rights may be granted to a nation undertaking to come to the defense of the ex-enemy. The Department has requested that any attempt to invoke this provision be reported immediately.

8. The case of Mopex and motion picture distribution in Hungary has been an increasingly more difficult one in recent months. It has become very difficult if not practically impossible to obtain import permits for American films. From the standpoint of discrimination the basis for the difficulties of MOPEX, which is a branch of the Motion Picture Exporters Association, Inc., has been in the fact that the Communist-owned competitor in Hungary has desired to force Mopex to close down in order that it might be able to buy the motion pictures of the leading producers represented by the Association, on a fixed price basis, and thus be able to keep all of the profits from their distribution.

9. The Soviet-Hungarian monopoly of Danubian shipping and shipping facilities has apparently made it practically impossible for non-riparian States to utilize this channel of trade although, on paper at least, any company is free to apply for license to operate. It is considered improbable that such a license would be granted, but if it were it is considered unlikely that port, loading or other facilities would be available.

10. The Standard Electric, Rt., 100 per cent U.S.-owned and Telfongyar, Rt., 62 per cent U.S.-owned properties were required, early in 1948, to appoint Communists as Directors of Personnel, but

⁴ For documentation on United States civil aviation policy toward the Soviet Union and East European satellite states, see pp. 436 ff.

since then there have been no forced resignations as have occurred in MAORT and Vacuum Oil Co. Rt. Standard has, however, been under press attack for the alleged defective quality of its deliveries to the USSR.

11. The nationalization program in Hungary has "been going ahead by leaps and bounds," according to the Commercial Attaché to the Legation at Budapest, "and now applies to the greater part of the economy. Except for Soviet-controlled countries [*companies*], the remaining enterprises are becoming increasingly dominated by the State, which exercises an arbitrary control on the basis of mere ministerial orders."

12. The secret protocols to the USSR's long-term economic cooperation agreement with Hungary present some of the most blatant examples of imperialistic exploitation of a small country by a Great Power that have ever come to light.

The Department's position with regard to these agreements and their secret protocols is set forth in the following statement:

"Problem

Determination of how the United States may derive the greatest benefit from exposure of recent secret protocols to the USSR's long-term economic cooperation agreements with Hungary and Rumania.

Background

Legations Budapest and Bucharest have transmitted authentic texts of secret protocols to the USSR's economic agreements with Hungary and Rumania. Discreet arrangements are now being made in Paris to make public the texts of the Soviet-Hungarian protocols.

These economic agreements, and their protocols, assure Soviet control of the basic industries and natural resources of these countries and promise a significant redirection of their trade from its prewar pattern. The latter policy may adversely affect the increase in East-West trade in Europe that is envisaged under the European Recovery Program. The restrictive nature of the protocols invites comparison with the types of agreements the United States proposes to sign with the countries participating in the ERP.

The special privileges which Hungary and Rumania have agreed to afford to Soviet interests constitute violations of the non-discriminatory provisions of the peace treaties (Hungary, Article 33; Rumania, Article 31), which came into force on September 15, 1947.

Recommendations

Approval of the following tentative course of action, subject to modification in the light of developments, is recommended for the appropriate operating divisions of the Department:

- (1) Formal requests to Hungary and Rumania for complete texts of all economic agreements and protocols entered into with other signatories to their respective peace treaties.

(2) Subsequent presentation of formal communications to the Hungarian and Rumanian Governments protesting that the protocols violate the provisions of the Peace Treaties, thus initiating a dispute under the arbitration mechanism of the treaties.

(3) Initiation of an intensive overseas informational campaign to focus public attention abroad on the protocols and on their implications for all countries in connection with Soviet economic penetration of Hungary and Rumania; and to counter Soviet charges that U.S. economic foreign policy is imperialistic."

13. The Single Capital Levy, the Levy on Capital Increases and the Property Tax are extraordinary revenue measures which have had a most damaging effect upon remaining private enterprise in Hungary.

The Legation has succeeded in persuading the Hungarian Government to rule that insofar as American citizens are concerned the imposition of the capital levy and the levy on capital increases shall be suspended until definitive settlement. It is understood that similar instructions were sent to the French and British missions.

14. The nationalization of the Ajaka Electric Power Plant, a former capital asset of United Incandescent Lamp, (Tungsram) was originally forestalled by the Legation on the basis of the fact that it would constitute a discrimination against an American interest in violation of most-favored-nation treatment guaranteed by the Peace Treaty. However, the Hungarian Government soon discovered another law under which the Ajaka Electric Power plant was nationalized, i.e. because it was "necessary for the welfare of the economy." Tungsram made no effort to resist this action, as there appeared to be no legal basis for complaint, and it was thought that, through receiving indemnification, the company would receive more than sufficient to pay off its debt of forty million forints to the Government. After AJKA became nationalized, it soon became apparent, however, that the Hungarian Government had no intention of paying any indemnification whatsoever.

15. The case of the Ford Motor Company is one of economic strangulation by the Hungarian Government which is forcing the company to eventually liquidate because of the limiting of its operations resulting from (1) the loss and damage of its plant and equipment during the war, for which no compensation has been paid by the Government; and (2) the refusal of the Hungarian Government to issue import permits and the necessary dollar exchange for the importation of Ford motor cars.

C. IN RUMANIA

1. The Rumano-Americano Oil Company case has been the most outstanding case in Rumania because of the major importance of this

company in the petroleum industry and economy of the country and because of the efforts of the Rumanian Government to bring it under eventual State control. Using legislation which was originally passed to control Nazi nationals and interests the Rumanian Government has now placed an Administrator over Rumano-Americano.

2. The Industrial Offices law which came into effect on June 6, 1947 authorized the Rumanian Government to exercise practically arbitrary control over all those private industries which were still permitted to exist.

The preamble of the Law states that the Industrial Office is to be "a combination of State and private enterprise, the State to contribute its guidance and authority while the companies contribute their assets and experience." The companies, however, subscribe the entire amount of the stock and pay all expenses of the Industrial Office, but in effect the State runs the organization for its own ends.

3. The expropriation of U.S.-owned rural property in Rumania during the 1945 land reform has resulted in the preparing of claims under Article 24 and other provisions of the Treaty. The delaying tactics of the Rumanian Government has made the preparations for the settlement of claims of this type a time-consuming procedure.

4. In connection with the illegal transfers to the USSR of allegedly German assets in which beneficial interest, or even actual ownership is in the hands of U.S. nationals it appears that, despite the wording of Article 26 of the peace treaty which provides that the Soviet Union is entitled to all German assets in Rumania transferred to the Soviet Union by the Control Council for Germany, the Rumanian Government has transferred to the Soviet both previous to and since the coming into force of the Peace Treaty those assets which the Soviets decided were German. Included among the assets transferred have been certain properties whose beneficial interest, or even whose actual ownership, has been in one of the United Nations or its nationals. Also included were assets of liberated countries transferred to German ownership by force or duress during the war. During the existence of the Allied Control Commission many representations were made to the Soviet chairman on individual cases with little success, and certain cases involving American ownership were referred to the Department when efforts vis-à-vis the Soviets were exhausted.

5. The restitution of Rumanian property in Germany is being carried out by a Rumanian Restitution Commission which has been operating in the French and U.S. zones of occupation in Germany and Austria. This Commission's work commenced in 1946.

The Legation at Bucharest is of the opinion that "any further restitution of property should await a fuller knowledge of the performance by Rumania of her obligations under the Treaty."

6. The change from private to State trading and from multi- to bi-lateral trade has not progressed to the point that has been reached in Hungary and Bulgaria but through its controls the Rumanian Government manipulates virtually all trade to meet its public policies as well as to favor the Soviet Union. Rumania has signed bi-lateral trade agreements with all of the "satellite states" and with a number of Western European countries.

7. International commercial aviation rights in Rumania have not been extended to the United States. A Departmental statement with regard to U.S. policy vis-à-vis Rumania follows:

"The obligations in connection with international civil aviation are imposed for a period of only 18 months and are qualified by the requirement of reciprocity. 'Equality of opportunity' is to be understood in the sense that a request by the United States for international commercial aviation rights will be weighed by the same standards as a similar request by any other United Nation. If rights are requested and denied, any representations resulting from such refusal would have to be made on the basis that 'equality of opportunity' in this sense was denied. The right which the ex-enemy states are required to extend, and then only on condition of reciprocity, is the right to fly over their respective territories."

The qualification introduced by the final sentence, i.e.

"These provisions shall not affect the interests of the national defense of Rumania".

was inserted at the insistence of the Soviet delegation and the ex-enemy states may attempt to interpret it in a restrictive fashion. It may be argued, for example, that exclusive or discriminatory rights may be granted to a nation undertaking to come to the defense of the ex-enemy. Any attempt to invoke this provision, or "escape clause", should be reported to the Department for consideration.

"The terms 'commercial aviation rights' and 'commercial aircraft' are not defined in the treaty and the ex-enemies may wish to interpret these terms in a restrictive sense. In American usage 'commercial' is used to refer to any operation for hire. Any attempt to restrict the definition by introducing the concept of scheduled services should be resisted."

8. Discrimination of various types has been practiced against American films in Rumania. Censors have banned many pictures; there has been a continuing press campaign against U.S. "decadent" films; special privileges have been given to Soviet films and film organizations; foreign exchange difficulties and import controls have plagued the distributors.

9. The disputes between U.S. oil interests and the Rumanian Government as to prices paid for reparation goods await eventual settlement through claims machinery based on Article 33 of the Peace Treaty.

Price compensation claims procedure is still under study.

10. The Soviet-Rumanian monopoly of Danubian shipping, largely through the joint Soviet-Rumanian company, Sovromtransport, has made use of the Danube by non-riparian countries practically impossible at the present time.

This problem falls not only under the clauses of the Peace Treaty with regard to navigation on the Danube but under the general economic clauses as well.

11. The Standard Fabrica, de Telefoane si Radio, a Rumanian corporation whose stock is owned by a subsidiary of I. T. & T., was included early in 1948 as a company in the Industrial Office for the Electro-technical industry.

The attitude adopted by the officials of standard Fabrica de Telefoane si Radio is that rather than attempt to resist the inevitable, the company's most prudent course is to drift with the tide of events. Something may be said for such an attitude since it is axiomatic that the company could not hope to exist long as a private enterprise outside the Industrial Office. What might be of some concern is that nowhere in their inclusion in the Industrial Office does there appear to be any desire or intent to present a protest purely for the sake of record. The International Standard Electric Corporation has instructed Standard Fabrica de Telefoane si Radio to present a protest to the Rumanian Government reserving all rights and interests accruing to the company. It is to be hoped that this letter, when presented, will have the effect of buttressing the legal position of the company even though it would have been presented some 3 months after the actual act of inclusion.

12. Representatives of Fratii Wurm, a Rumanian manufacturing concern substantially U.S.-owned are understood to be submitting an Article 24 treaty claim for compensation for several items of indirect war damage which our mission in Bucharest considers of doubtful eligibility.

13. The law for the suppression of illicit speculation and economic sabotage may be applied to U.S. nationals in violation of the economic clauses of the peace treaty. The provisions of this law are at the same time so broad and so intricate that no enterprise or person can be certain of observing the provisions or of avoiding its penalties.

14. The secret protocols to the USSR's long-term economic cooperation agreement with Rumania present some of the most blatant examples of imperialistic exploitation of a small country by a Great Power that have ever come to light.

The Department's position with regard to these agreements and their secret protocols is set forth in the following statement:

[Here follows the statement quoted on page 347.]

864.00/6-248: Telegram

The Acting Secretary of State to the Legation in Hungary

SECRET

WASHINGTON, June 2, 1948—6 p. m.

558. Estimate Hung popular reaction recent trend of events and your recommendations formulated on basis appraisal situation from Budapest (urtel 829 May 21)¹ appreciated. While Dept inclined generally credit validity basic assumptions set forth therein, we concur element wishful thinking contributes apparently overoptimistic popular prognosis.

As regards recommendations, your thinking in terms of limited objectives believed consistent Dept's views set forth Deptel 274, March 17.² Basically it is our feeling that improvement to which Hung people and this Govt look will be attained as consequence ultimate Soviet conviction untenability present aggressive tactics generally.

As to your numbered suggestions Dept's policy indicated Deptel 274 envisages maintenance formal correct relations between Leg and Hung Govt as stated para 1 partially at least as earnest continued US interest oppressed Hung people. However, in this indirect encouragement to such elements Dept feels important at this time Leg avoid identification specific individuals or groups and limit activities to manifestation long-range sympathy and interest as distinct from efforts stimulate current activity likely lead reprisal and improbable effectively influence immediate situation. Dept position re Hung property in Germany (para 2) has been subject various separate tels. While no objection exploitation Hung anxiety obtain further restitution for purpose leverage toward solution outstanding problems, Dept considers advisable in all existing circumstances maintain maximum maneuverability in matter further restitution as conditions may warrant and consequently undisposed crystallize attitude by detailing contingent Hung action as prerequisite further consideration. Dept has been conscious potentialities expansion existing broadcasting facilities to refugee groups outside curtain countries along lines suggested your paragraph three. However, while appreciating merits proposal we feel premature for time being, having in mind especially considerations with regard to present objectives toward encouragement Hung people mentioned above. Dept concurs (para 4) development of Austria along democratic representative lines toward which US policy that country has been consistently directed will provide useful example peoples curtain countries and achievement Western

¹ *Ante*, p. 336.

² Same as telegram 122, March 17, to Belgrade, p. 312.

success that undertaking will increase unrest and consequent instability Soviet imposed totalitarian regimes.

LOVETT

CFM Files : Lot M-88 : Box 104

*Report of the Conference on the Implementation of the Treaties of Peace, Rome, Italy, June 14-21, 1948*¹

SECRET

INTRODUCTORY STATEMENTS

REMARKS BY AMBASSADOR DUNN

The Ambassador welcomed the conferees to Rome, assuring them of every assistance the Embassy may be able to afford to them to make their stay a pleasant one and to assure a successful meeting. The Conference, he remarked, should result through the exchange of ideas and information in the stimulation of thought on the very difficult problems of implementation of the peace treaties; it was not to be expected, however, that the Conference would result in the formulation here of concrete solutions on all the many problems to be discussed. Although, the Ambassador continued, the political problems in the Balkans are dissimilar from those faced by the Embassy in Rome, the economic and legal problems arising from the Italian treaty are as difficult of solution as those engendered by the treaties with the countries behind the curtain. The discussions on those problems in this Conference should, therefore, prove of benefit to all.

The Ambassador then turned the meeting over to Mr. Thompson, who presided thereafter as Chairman of the Conference.

POLITICAL BACKGROUND OF DEPARTMENTAL POLICY WITH RESPECT TO
THE IMPLEMENTATION OF THE BALKAN TREATIES

REMARKS BY MR. THOMPSON

Mr. Thompson expressed to the Ambassador the appreciation of the Delegates for the very excellent arrangements which he and the

¹ This Report was circulated to the Committee for Implementing Treaties of Peace with Countries of Southern Europe (Treaty Committee) as document TIC D-21/16, June 30, 1948. The Report was considered at length by the Treaty Committee at its 11th Meeting, July 7, 1948. The Committee adopted the Report with some reservations and comments on portions not here printed. The Committee's reservations and comments are recorded in its Minutes, document M-11, July 7, 1948, not printed, CFM Files, Lot M-88, Box 104.

The Conference, which was convened at the instruction of the Department of State on the recommendation of the Treaty Committee, was under the chairmanship of Llewellyn Thompson, Deputy Director, Office of European Affairs. Thirty-one officers attended the conference including economic counselors and military advisers from the Embassy in Rome, the Legations in Budapest, Bucharest, and Sofia, economic advisers from the missions in Belgrade, Trieste, Warsaw, Prague, and Bern, and officials from the Department of State and the Department of Commerce.

Embassy Staff had made for the Conference itself and for the personal comfort of the conferees. He re-emphasized that the purpose of the Conference, as the Ambassador had indicated, was primarily for the exchange of views and information by the delegates on the great number of complex problems which have arisen in the implementation of the peace treaties.

The Department realized full well, Mr. Thompson continued, the frustrations which have attended the work of the officers stationed in the countries behind the curtain. It realized too that many of those officers feel that the Department has not given to them the support to which they are entitled. This is true, Mr. Thompson observed, due to a number of circumstances not subject to the control of the Department. The personnel problem, for example, is a serious one. The Department has not been able to expand to the extent necessary for the adequate handling of the numerous and complex problems before it, nor has it been able to find personnel trained for the consideration of those problems.

Another and very important factor in the Department's problem is the political situation which prevails in the United States today. We have a Republican Congress, a Democratic President, and we are in the midst of a very hectic Presidential nomination campaign. Everything we do must be conditioned to these facts. Congressional Committees, stepping into the Executive field, have obliged many top officials in the Department to spend a great deal of their time testifying before them.

A third factor, Mr. Thompson continued, is the great lack of interest in the United States in Balkan questions. Palestine, Germany, Greece, and above all, Russia, absorb the interest of the American people, and this attitude very directly affects the position of the Department on each of the problems arising in the Balkan nations. If the Department were to take a stand on Balkan problems which would be challenged by Russia, and such a stand appeared to bring on a threat of war, the adverse reaction of the American people would soon place the Department in a most difficult position.

In this connection our relations with Russia offer the biggest problem of all. Many people in the Department have felt that the Russians, banking on the fact that this was an election year in the United States and that consequently we would be in a state of disorganization, would overplay their hands with the result that we would perhaps find ourselves involved, if not in war, in the next thing to it. In order to forestall such a possibility our Ambassador to the USSR presented a note to the Soviet Government clearly stating that the United States is

prepared seriously to back up its policies.² Although the distortion by the Soviets of our motives in presenting the note resulted in their gaining a temporary propaganda advantage, the fact remains that the Soviets have been given a solemn statement of our position. They know now that the United States will back up its policies to the full but that, despite the aggressive talk in the American press and Congress, it is not our intention to move in on them with force. Our basic program in dealing with the Russian problem is, of course, the building up of Western Europe through, for one thing, the ERP. Until substantial economic recovery is effected in Western Europe we cannot push too far the problems arising in the curtain countries. Then there arises also the question of Western Union and the policy to be followed in Western European rearmament. It is too early to determine what our policy will be on the latter point, since it is difficult to calculate to what extent the United States can afford to assume these burdens, because of the tremendous cost involved in the ERP and our own rearmament program.

Mr. Thompson continued his remarks by explaining that United States policy with respect to the Balkan treaties is based on the realization that very little of a concrete nature can be achieved in the Balkans under present conditions. Although we hope to create some difficulty for our adversaries because of their failure to carry out the terms of the treaties, we do not wish to do anything which would be only of doubtful value in the Balkan countries but which might prejudice the accomplishment of important objectives in our Italian policy.

Mr. Thompson concluded by stating that after this brief sketch of the political background against which policy decisions on the implementation of peace treaties was determined, he wished to ask Mr. Reinstein to give a similar statement of the economic background. The conference could then proceed to organize its work and take up the items on the agenda.

ECONOMIC BACKGROUND OF DEPARTMENTAL POLICY WITH RESPECT TO THE IMPLEMENTATION OF THE TREATIES

REMARKS BY MR. REINSTEIN

Mr. Reinstein said that, particularly in the case of the Balkan Treaties, he thought that the general political context, rather than

² For the exchange between the American Ambassador in the Soviet Union, Walter Bedell Smith, and Soviet Foreign Minister Vyacheslav Mihailovich Molotov in May 1948 on American policies and purposes regarding the Soviet Union, see Department of State *Bulletin*, May 23, 1948, pp. 679 ff; for additional documentation on this topic, see pp. 845-857, *passim*.

our general economic policies, tended to fix our economic objectives on treaty implementation. However, for purposes of background, he thought it might be useful to discuss briefly the present economic situation in the United States and trends in American foreign economic policy, particularly as concerns Europe.

With regard to the American economic situation, on the first point Mr. Reinstein pointed out that strains are beginning to appear in the economy, which is now operating at full tilt with almost complete utilization of resources and manpower. With the economy thus fully occupied, increasing concern is being felt in the executive branch of the Government regarding the possible effects of the rearmament program, which is just getting under way. The Congress has shown itself unwilling to authorize the imposition of economic controls, and there does not seem to be any great prospect that this situation will change in the near future. This may force the adaptation of what is desirable from a policy viewpoint to practical possibilities. Mr. Reinstein pointed out that this situation had an obvious bearing on such matters as the amount of the resources which could be devoted to and the priority which could be given to the supply of arms to Western European countries.

With respect to trends in our foreign economic policy, Mr. Reinstein pointed out that the broad framework of our policy had been elaborated during the war and that what had been done since in general conformed to that pattern. These policies looked to the reestablishment of a world trading system with relative freedom of trade and financial transactions after a period of transition from wartime controls. The broad institutional structure which had been conceived for the implementation of this policy had now been completed with the negotiation of the ITO charter. The European Recovery Program fits into this picture. Mr. Reinstein pointed out that, in particular, the ERP estimates are based on an assumption that something like the pre-war pattern of world trade between various regions can be reestablished. Of particular importance in the present discussion is the assumption made in the CEEC report that trade between Eastern and Western Europe will be maintained and expanded.

On the other hand, as a result of increasing tension in our political relations with the Soviet Union, the U.S. has taken steps through export control aimed at restriction of trade with the Soviet Union and its satellites. These restrictions are directed toward items which would increase the war potential of the Soviet orbit. The precise objectives which will be sought, particularly as to the commodities which it is desired to deny to the Soviets, have not been fully and satisfactorily worked out as yet. In addition to the steps being taken to re-

strict exports from the U.S., it will be necessary to seek parallel action by the Western European countries which constitute alternative sources of supply for Soviet imports. A mandate to take such action has been given to the administration by the Congress in the Economic Cooperation Act.

The two lines of policy indicated obviously involve contradictions, and it will be necessary to find some middle course between the two extremes. The Missions in the Eastern European countries can be helpful to the Department and other agencies in Washington in reporting the facts which are necessary for reaching intelligent decisions.

Turning to the treaties themselves, Mr. Reinstein remarked that when the treaties were under negotiation, there was some hope that the existence of American enterprises in the Eastern European countries might serve as a means of exerting American influence in that area and slowing down the process of Soviet economic penetration. The Department therefore encouraged American enterprises to stay in the Eastern European countries. The general trend of opinion in the Department is now that little can be done through American-owned enterprises, which are in fact rapidly disappearing under programs of nationalization and through various devices of economic strangulation. Accordingly, attention is now being given to the possibilities of obtaining some kind of compensation for the liquidation of these interests. It is hoped that, if the Department is wrong in its appraisal of the situation, the discussions in the Conference would bring this out.

In the case of Italy, the objectives with respect to the implementation of economic clauses again fit into our general political policies toward Italy. However, the questions requiring attention are mostly practical ones of how to operate within the framework of the Treaty. Mr. Reinstein remarked that great importance was attached in the Department to proceeding rapidly with the initiation and the settlement of claims for compensation for war damages to American property.

VIOLATION OF HUMAN RIGHTS CLAUSE

Summaries of the situation in Hungary, Rumania and Bulgaria clearly demonstrated the widespread and continuous violation of the human rights clauses of the Balkan Treaties. These violations are inherent in the nature of the police-state governments of those nations and are denied or disregarded by those governments or defended by the peculiar semantics of their system.

The Conference acknowledged that these violations are not generally susceptible to the disputes clause of the Treaties for the reasons (a) lack of effective implementation machinery; (b) difficulty of documenting specific violations without jeopardizing sources of information

or innocent parties; (c) unwillingness of other major Treaty signatories to undertake recognizably futile representations. On the other hand, it was agreed that in the main this is the only treaty issue of importance to Balkan public opinion.

Accordingly the Conference recommends:

(1) Maximum and continuing publicity in press and radio to violations of human rights, utilizing commercial agencies and such date-lines as Vienna, Ankara and Trieste whenever possible. Specific applications of this recommendation are detailed in Item No. 19 regarding VOUSA programming.³

(2) Dispatch of few official notes of protest, the number and occasion variable with the situation and controlled by the realization that a series of futile protests might well serve only to demonstrate the impotence of the U.S. in influencing the course of Balkan affairs.

(3) Preparation of statements reviewing and documenting violations of these clauses—as well as similar violations from the non-treaty orbit—for possible use at the next General Assembly Meeting of the U. N.

POSSIBLE VIOLATIONS OF MILITARY CLAUSES

The delegations reported that within the Soviet satellites violations of the military clauses have occurred and would continue to occur, particularly with reference to the *gendarmérie* and militia in Rumania and Bulgaria, respectively, and the air force of the latter country. Despite this fact there was general agreement that protests would be of doubtful value in view of the inability to secure documented evidence of violations.

The Conference also remarked that a protest in the Balkans might provoke Russian retaliatory action vis-à-vis Italy, which action inevitably would be more widely and effectively publicized. However, it was recognized that possible effect in Italy should not operate as a categorical block against protests in the Balkans; rather action in each instance of flagrant violation should be decided on its own merits.

Accordingly, the Conference recommends:

(a) That, as envisaged by paragraphs 15 and 16 of Appendix C of SANACC 244/9,⁴ the question of formal protests on specific well documented violations be aired with the Department and the other Missions concerned before taking action.

(b) That dossiers on violations, known and reported, be kept current for eventual use of the United States delegation during the forthcoming United Nations General Assembly discussions on the question of general disarmament.

³ The portion of this report headed "Types of Material on Treaty Matters Desired by VOUSA" is not here printed.

⁴ For the text of the paragraphs under reference here, see telegram 451, May 3, to Budapest, p. 330.

EFFORTS TO OBTAIN MILITARY INFORMATION

The Conference reported that United States missions in the Soviet satellite countries have been thwarted in their efforts to obtain, through diplomatic channels, positive information on compliance with military clauses by:

(a) First, the satellite governments' invocation of the "acting in concert" clause as sole basis for honoring requests for information.

(b) Subsequently, the Soviet Missions' refusal to agree to a meeting of the three heads of mission.

Meanwhile, the state of relations between the United States and the satellite governments is such that the service attachés are unable to exploit governmental sources to obtain military information.

The Conference concluded that, so long as this situation obtains, the only practical course in these circumstances would be through action of the Security Council in requiring evidence of treaty compliance as condition prerequisite to admissibility to the United Nations. It realised that this represents a negative approach which would only establish grounds for continued exclusion of the satellite countries.

Paragraph 11, Appendix C of SANACC244/9, describing extent of military information to be solicited from satellite governments, was discussed briefly. Comparing the detailed data envisaged by the SANACC paper with the generic limitations imposed by, and the non-inclusion of enforcement machinery *per se* in the several treaties, the Conference membership was divided as to legal justification for demanding the former if objections were raised on grounds of national security interests.

The Conference recommended:

(a) That, for the time being, no further representations be made to the satellite governments, or to the Soviet missions accredited to those governments, for the supply of military information in accordance with paragraph 11, Appendix C of SANACC 244/9.

(b) That, should the question of UN admission of the satellites be revived, the United States demand that full evidence of Treaty compliance be furnished to the Security Council.

OTHER ASPECTS OF MILITARY CLAUSES

A. RIGHTS TO INSPECT FOR EVIDENCE OF TREATY VIOLATIONS

The Conference concluded that the United States position that inspections to insure treaty compliance should be performed in concert with British and Russian representatives, coupled with the Russians' refusal to act in concert, will prohibit the carrying out of inspections in any of the satellite countries. The Conference also felt it

would be inadvisable to attempt to carry out overt inspections unilaterally, especially in view of the veiled threat contained in the Bulgarian Foreign Office's 26 March Note;⁵ at the same time the Conference regretted that this threat was not publicized.

B. FREEDOM OF TRAVEL

The delegations from Bucharest and Budapest reported that there were no formal restrictions on travel in their respective countries, including the areas occupied by Soviet line of communication troops; on the other hand, it was pointed out that in the latter areas, Soviet imposed bars to freedom of movement have been encountered without previous warning. The Sofia delegation confirmed the existence of prohibited frontier zones which negated the principle of freedom of movement.

[Here follow the following sections of the Report of the Conference: Attitude of Soviet Representatives and Balkan Governments Toward Implementation of the Treaties and Discussion of "Acting in Concert" Article and Its Interpretation; Conciliation Commissions and Impending Disputes; Secret Soviet-South Eastern Europe Economic Agreements; Secret Soviet-Satellite Military Agreements as Violations; U.S.-Balkan Commercial Treaties; Protection of Interests of Formerly Persecuted Persons; Possible Violations of Article on Freedom of Danube and Proposed Danube Conference (for documentation on this conference, see pages 593 ff.); Special Problems on Trieste (for additional documentation on the interest of the United States in the establishment of a Free Territory of Trieste, see volume III); Types of Material on Treaty Matters Desired by VOUSA; East-West Trade (for documentation on the attitude of the United States with respect to commercial relations with the countries of eastern Europe, see pages 489 ff.); Bulgarian Reparations; Restitution from the American Zones of Germany and Austria to the Countries Formerly Occupied by Germany; Italo-Yugoslav Boundary Disputes; Coordination from Department and Reporting on Treaty Implementation; United States Commercial Aviation Policy in Eastern Europe (for the text of this section of the Report, see page 448); Transfer to U.S.S.R. of German External Assets; Treaty Claims; Nationalization of United States Interests and Related Problems; Nationalization and Lump Sum Settlement; Use of Blocked Assets for the Payment of Nationalization Claims. Except as indicated in parenthetical notes, the sections identified here, which constituted approximately half of the Report in typescript, have not been printed.]

⁵ Regarding the Bulgarian note under reference here, see footnote 6, p. 285.

MAINTENANCE OF U.S. INTERESTS IN EASTERN EUROPE AS ECONOMIC
OUTPOSTS

The Conference turned its attention first to the position of U.S. interests in various orbit countries:

1. In Poland, no U.S. or foreign interests continue to operate, though a steamship line and the M.P.E.A. still maintain representatives.

2. In Yugoslavia and Bulgaria, all U.S. commercial and industrial interests have been put out of business by nationalization.

3. In Rumania and Hungary, the attrition of U.S. economic interests by discriminatory and confiscatory measures has been proceeding rapidly; in Rumania this process has been capped by a nationalization program whose exact effects are not yet known; in Hungary the U.S. enterprises which have not yet been nationalized may soon be driven out of business.

4. While many United States industrial interests in Czechoslovakia have been taken over, under that government's nationalization program, there are still a number of U.S. import-export and wholesale firms in operation, and the Prague Embassy believes that their presence there is useful to the United States.

On the basis of the situation described above, the Conference agreed with the view set forth in the Department's paper (Conference Document No. 8),^a to the effect that with the exception of those foreign trade and wholesale houses still operating in Czechoslovakia, it did not appear possible in the foreseeable future to maintain U.S. economic interests in any of the Eastern European countries as economic outposts, and that the United States should not seek to encourage such interests as still exist to maintain their position within the orbit.

POLITICAL OBJECTIVES IN TREATY IMPLEMENTATION

The Conference agreed that treaty implementation is not, and under existing conditions cannot be, a major element in the attainment of the political objectives of the U.S. in Eastern Europe. At the same time the Conference considered the retention of the treaties important and urged the rejection of proposals to denounce or revise them. Essentially, the treaties present a moral issue which in tangible and clear-cut terms may help world public opinion to understand the nature of the present political conflict with the Soviet Union. It follows, therefore, that matters of dispute as to the execution of the Treaties must always be kept on the plane of moral principle.

The Conference moreover held the opinion that the Treaties may serve the following useful purposes:

(1) Full publicity as to treaty violations will demonstrate the continuing concern of the American people in the fate of the people of Eastern Europe.

^a Not printed.

(2) Attribution of treaty violations to Soviet influence or the police state practices of the Balkan governments may assist in the eventual alienation of the Balkan peoples from their own governments and from their Soviet overseers.

(3) Reference to the Treaties provides both sufficient and consistent grounds for the continued opposition of the U.S. to membership in the United Nations by the Balkan Treaty States.

The Conference delegations generally wished to emphasize the desirability of their Missions being kept more fully and promptly informed of the politics and actions of the U.S. Government as these developments affect their areas in particular and American relations with the Soviet Union in general.

MILITARY OBJECTIVES IN TREATY IMPLEMENTATION

The Conference agreed that the military objective with respect the ex-enemy states remained as phrased in SANACC 244/9, namely to prevent those states from assuming an aggressive character or from attaining proportions such that they alone would present a threat to peaceful states or in alliances with other states, their military strength could contribute measurably to a war of aggression.

Regarding the implementation of the military objective, the Conference noted:

(a) That, as a result of the obstructionist tactics adopted by the ex-enemy governments in the Balkans and by the Soviet Missions in the same countries, the objective set forth in SANACC 244/9 and the procedures presented for implementation of the objective have become incompatible. Consequently there is little likelihood of positive action within the terms of SANACC 244/9 and therefore other methods, mainly undetermined, must be relied upon.

(b) That realization of the political objectives cited (Agenda Item 29) would contribute indirectly to the attainment of the military objective.

[The Report concludes with section entitled "Italian Reparations".]

871.00/5-2248: Telegram

The Secretary of State to the Legation in Romania

SECRET

WASHINGTON, June 23, 1948—6 p. m.

392. Reports appearing American press in recent weeks, especially Sulzberger's¹ despatch published *NY Times* May 30, that Sov Govt is pressing Rum Govt to induce in near future "voluntary" request for incorporation Rumania into USSR, to be followed in due course

¹ Cyrus L. Sulzberger, foreign correspondent for the *New York Times*.

by other countries of Soviet sphere, have elicited concern in some quarters here.

While on balance Dept agrees your recent view (urtel 575, May 22) ² such development appears inconsistent with other current manifestations Sov policy and illogical as concerns advantage to USSR at this time, obvious consequences of Western powers being presented with *fait accompli* this regard are so serious as to merit close attention any significant indications such move being contemplated.

As it would appear necessary to set stage for "accession by Sovs to spontaneous demand by independent sovereign Rumania" for inclusion in USSR, some signs of advance build-up might be anticipated. We understand that at May 9 celebration in Bucharest demonstrators were heard calling for such incorporation corresponding to similar manifestations for People's Republic in month preceding its establishment.

Accordingly, Dept would appreciate Mission's continuing observation and report of possible signs presaging such development.

Sent Bucharest 392, rptd Budapest 629, Sofia 393, Belgrade 324, Warsaw 388, Praha 873, Moscow 708, London 2369, Paris 2245.

MARSHALL

² Not printed.

871.00/7-948: Telegram

The Minister in Romania (Schoenfeld) to the Secretary of State

SECRET

BUCHAREST, July 9, 1948—noon.

761. We have no trustworthy indications of any plans for incorporation of Rumania into Soviet Union at this time (urtel 392, June 23) nor indeed any confirmation of report that at May 9 observance demonstrators shouted for such incorporation.

If and when such a thing should happen, it is likely to be engineered with great celerity so that advance clues are likely to be slight.

Our views we express on this question are therefore necessarily merely rationalization.

Of all the satellites Rumania appears to be the most completely integrated into the Soviet system. It is clear that extent and type of arrangements entered into between the two states envisage permanent grafting of the one upon the other. The economic and military arrangements are in no sense a coordination of alignment, they are a merger and if allowed to continue unhindered, will in time produce a single organism. The time may come when Soviets will wish to give juridical recognition to this political identity but I see no reason at this time for them to hasten to do so.

There are in fact a host of reasons against it. It is true that with publication of resolution expelling Yugoslavia from Cominform, the absolutism of Soviet pretensions vis-à-vis its satellites has come into the open, if it were not already abundantly apparent.

Technically, however, this is still on the party level. To raise it to a national level by juridical absorption of another state would remove all pretense of Soviet respect for the independence and sovereignty of any of its associates would deprive it in large measure of its power of diplomatic maneuver, would render its propaganda a farce, would add nothing to its economic advantages but probably the reverse, and would in fact offer no corresponding advantage.

That Soviet Union has the power to bring about open annexation of Rumania without the slightest demur here is unquestioned. The personalities now wielding power in Rumania could be induced to apply for such annexation and effect it at a moment's notice. But that Soviet Union itself would encourage or permit it at this time is in my opinion open to grave doubt. I should judge that only if it had made up its mind to burn all its bridges to the west would it embark upon open annexation.

While incorporation rumor has from time to time been current here, there are no visible signs at the moment pointing to discontinuance of present system whereby Rumania is under *de facto* political, economic and military control of Soviet Union but retains nominal sovereignty and trappings of independent state.

SCHOENFELD

Editorial Notes

During the period June 25-29, 1948, American, British, and French officials met in Paris to discuss common economic and legal problems which had arisen in connection with the implementation of the Treaties of Peace with Bulgaria, Hungary, Romania, and Italy. The United States Delegation included Jacques J. Reinstein, Special Assistant to the Assistant Secretary of State for Economic Affairs, and Benedict English, Assistant Legal Adviser in the Department of State. The British Delegation included Sir Henry Gregory, Controller, Trading with Enemy Department, and John Watson, Assistant Head, Southern Department, British Foreign Office. France was represented by François de Panafieu, Director General, Direction des Accords Techniques, French Foreign Ministry, and Christian R. Auboyneau, Assistant Director, Direction des Accords Techniques, French Foreign Ministry. The primary purpose of the discussions was the exchange of ideas and opinions on those treaty implementation problems, with a

view perhaps to reaching decisions thereon which could be recommended to the respective governments of the conferees for further consideration. In addition the Department of State felt it would be desirable to acquaint the French and British Governments with the scope and purpose of the Conference on the Implementation of the Peace Treaties, held in Rome a few days earlier.

Six meetings were held in all, four being tripartite and two being composed of American and British officials only. It became evident during the first tripartite meeting that the French representatives were interested primarily in discussing the problems arising from the recently-enacted Romanian nationalization law. The tripartite discussions therefore were devoted primarily to that subject, although during the first two meetings other aspects of treaty implementation were discussed briefly. The American and British conferees held separate meetings for the purpose of discussing in more detail various economic and legal problems arising from the implementation of the treaties of peace. The minutes of the tripartite discussions of June 25-29, 1948, are included in CFM Files, Lot M-88, Box 105.

Regarding the note eventually delivered to the Romanian Government on September 7, 1948, with respect to the Romanian nationalization law, see the editorial note, page 370.

During 1948 the Hungarian Government conducted a campaign against the Voice of America to limit the right of anyone in Hungary to listen to whatever radio program he chose. In a statement released to the press on July 9, 1948, Assistant Secretary of State George V. Allen condemned this Hungarian campaign against the Voice of America; for the text of the statement, see Department of State *Bulletin*, July 18, 1948, page 91. The Hungarian Chargé at Washington addressed a note to the Secretary of State on July 14 denouncing Assistant Secretary Allen's statement and attempting to refute the allegations made therein. In a reply of July 20 the Secretary of State welcomed the assurances that Hungarian citizens were not restricted in listening to the Voice of America, pointing out that reports from Hungary and statements in the Hungarian press had given a contrary impression. For the texts of the exchange of notes between the Hungarian Chargé and the Secretary of State, see *ibid.*, August 1, 1948, pages 145-147.

Editorial Note

On July 16, 1948, in response to their request, Vice Consul Donald F. Ewing of the Legation in Sofia agreed to meet, outside the Legation,

two Bulgarian acquaintances whom he had previously known in connection with the visa work of the Legation. The Bulgarian secret police arrested the two Bulgarians in Ewing's company. On the basis of documentation found in the possession of the Bulgarians and of alleged subsequent confessions regarding their part in espionage for the United States through Ewing, the Bulgarian Government declared Ewing *persona non grata* and requested his recall. On July 23 Minister Heath protested to the Bulgarian Government regarding the arbitrary nature of the action implicating Ewing as a transparently fabricated maneuver. Ewing subsequently left Bulgaria.

740.00119 EW/8-248 : Telegram

The Minister in Hungary (Chapin) to the Secretary of State

SECRET

BUDAPEST, August 2, 1948—7 p. m.

1240. Berlin's 53 to Budapest July 29, repeated Department.¹ Am somewhat disturbed that Vatican should officially request at this time transfer to it for safe keeping of Holy Crown of St. Stephen and would be interested to know real reasons behind this *démarche*.

I can well understand that crown should not remain permanently in American possession and that eventually some decision must be made as to its future disposition. On the other hand, I believe it would be mistake politically this juncture either to return the crown to Hungary or transfer it to the Vatican. Symbolic value of crown to Hungarians whether Catholic, Protestant or Jew is probably greater than that attaching to the crown jewels most present or former monarchies and in fact was one of basic spiritual foundations behind the institution of the regency which after all was exercised by a Protestant. Furthermore, our legal right to transfer to the Vatican an object which belongs to whole Hungarian people, on basis of claim it given 947 years ago by the Vatican should be carefully examined. Department will presumably estimate what repercussions if any, such proposed transfer would have on non-Catholic opinion in US. In any event I should be most reluctant even if decision made to give crown to Vatican for custody to have this done at this time when relations between Hungary and US are strained and almost simultaneously with issuance

¹ Telegram 1862, July 29, from Berlin, repeated to Budapest as 53, not printed, transmitted the text of a letter from the Apostolic Visitor to the United States Political Adviser for Germany, Robert Murphy, requesting that the Sacred Crown of St. Stephen of Hungary be transferred to the Vatican for safekeeping until it could be safely returned to Hungary. (740.00119 EW/7-2948) The Crown was in the custody of United States authorities in Germany, but its precise whereabouts was being kept secret.

of permission for departure Horthy family (Berlin's 1866, July 29).² Great political capital would be made of any transfer of crown at a time which moreover coincides with St. Stephens Day August 20.

It is to be noted Hungarian Government has never officially raised in writing question of return of crown to Hungary although failure to follow upon Molnar inquiry (my 382, March 9 to Department³) may be due partially to desire not to complicate further quarrel between Hungarian Government and Catholic Church. In any event I should be strongly opposed to return of St. Stephens Crown at this time to Hungary and recommend temporary retention thereof in American hands.

Sent Department 1240; repeated Rome for AmVat 69, Berlin 89.

CHAPIN

² Not printed; it reported that former Hungarian Regent Admiral Horthy and his family, then in American custody in the United States zone of occupation of Germany, was not liable under German denazification laws and that there was no objection by any Western military government agency to their departure from Germany (740.00119 EW/8-248).

³ Not printed.

740.00119 EW/8-248: Telegram

The Secretary of State to the United States Political Adviser for Germany (Murphy), at Berlin

SECRET

WASHINGTON, August 5, 1948—1 p. m.

1379. Views outlined Leg Budapest's 1240 Aug 2 (rptd Berlin 89 and Rome 69) re transfer Sacred Crown St Stephen to Vatican for safekeeping (Berlin's 182 [1862] July 29 rptd Budapest 53 and Rome 74)¹ accord with Dept's thinking matter.

As regards reply to Vatican Rep, Dept suggests USPolAd endeavor arrange meeting with Apostolic Visitor and acquaint him orally and informally with US views in following sense:

1. US authorities appreciate interest Holy See in Sacred Crown and are fully aware historical and symbolic significance regalia from both religious and political point of view. General position of US Gov is, of course, that Sacred Crown and appurtenances are property of whole Hungarian people.

2. It is further view of US however that, because of political importance attaching to Crown, adverse repercussions could not fail to result in current circumstances from removal of object from safekeeping US authorities Germany and that present moment is therefore inopportune for any decision as to transfer or ultimate disposition of Crown.

3. Although US authorities regret that they are unable accede to request of Holy See in this matter, Apostolic Visitor may wish to convey to Monsignor Montini assurance that they will continue exer-

¹ Not printed, but see footnote 1, p. 366.

cise every care in safeguarding Crown and insignia until it is possible under more favorable conditions to make appropriate disposition of property.

Sent Berlin 1379 rptd Budapest 772 Rome for AmVat 22.

MARSHALL

124.743/8-2148: Telegram

The Minister in Bulgaria (Heath) to the Secretary of State

CONFIDENTIAL

SOFIA, August 21, 1948—5 p. m.

1065. I inquired of Acting Foreign Minister Ganovsky today re fate of Bulgarian employees Dimitrov and Peev (Legtel 1043, August 16)¹ who we had heard had been condemned to death. Ganovsky told me that Foreign Ministry had no information to that effect. I reminded him these men had occupied absolutely non confidential positions in Legation. He said it was possible they were connected with Acenovgrad "conspiracy". I said I did not believe it and his mention matter reminded me that local press reports of Acenovgrad and other trials which implied that "conspiracy" was inspired by "Anglo-American imperialists" which he must know false. I had assured him that we had not and were not engaged in subversive activity against Bulgarian Government. Practice of these unfounded accusations of press and Bulgarian officials against US was dangerous one. Also was absolutely imperative for militia to be instructed that they could not continue against Legation and its personnel their present actions and attitude which could only be qualified as hostile. If Bulgarian Government were sincerely concerned to have good relations this situation must not endure.

I cited as incident attitude of militia in shocking detention Beck and Beman of Legation staff (Legtel 1032 August 14).² Ganovsky "regretted" that he had not yet received report on incident (he has

¹ The Legation in Sofia learned from confidential sources that some 65 persons had been tried *in camera* on charges of "conspiracy against the State" and "economic espionage for a foreign power". Former Legation employees Dimitrov and Peev were sentenced to death for their roles in the alleged conspiracy. Telegram 1043, August 16, from Sofia, not printed, recommended that the Department refrain from publicity on the matter pending efforts to have the sentences appealed (874.00/8-1648).

² On July 31, 1948, Louis C. Beck and Spencer S. Beman, attachés with the Legation in Sofia, were arrested and detained by Bulgarian police while on a pleasure outing near the Danube River. Bulgarian authorities subsequently explained that the arrest, which had been carried out with a menacing display of firearms, resulted from the intrusion of Beck and Beman into a prohibited area. Minister Heath made a written protest on the incident on August 3 and an oral protest to Acting Foreign Minister Ganovsky on August 14. On September 17 Minister made a further written protest in which he pointed out that a Bulgarian Foreign Ministry *note verbale* of September 13 on the case was completely unsatisfactory. Documentation on this incident is in file 123 Beck, Louis C.

been saying this for some two weeks) but added that militia maintained diplomats in prohibited areas lost their immunity. I replied that diplomats could not be divested their immunity. They could be declared *persona non grata* but their immunity remained until after they were safely across border. Militia had developed intolerable espionage and terrorization of servants of Legation members. Such system could only be justified in time war and action militia seemed to betray conviction that they were already in conflict with US.

I also cited incident militia officer at airport who held up my plane on my recent trip to Istanbul because of minor flaw in exit visa of member of party which was fault of Foreign Office. Officer had made no attempt get in touch with Foreign Office to discover whether mistake was one of inadvertence. Fortunately we had been able locate member Foreign Office, otherwise my departure would have been postponed indefinitely. It was all too evident that there were no instructions to militia officers as to courtesies and facilities they were obliged under international practice to extend representatives foreign countries. I remarked that in returning by car from Istanbul we had passed gate of garison. There was no sentry box but militaman had suddenly rushed out as car passed and calling car to stop aimed his rifle at us. Fortunately in front seat sat officer detailed accompany me from border to custom house and he signaled militiaman to subside. Otherwise militiaman would presumably have fired at car which was traveling at fair speed.³

Kolarov returning Sofia and I expect see him next week and insist that intolerable attitude and activities militia against us must end.

HEATH

Editorial Notes

On September 6-7, 1948, Romanian authorities detained four members of the staff of the American Legation in Bucharest on charges of taking photographs in a forbidden zone. The four staff members, Wayne W. Fisher, Third Secretary and Vice Consul, Paul H. Green, Attaché, and Ruth V. Garr and Peggy M. Maggard, clerks, were detained at Giurgiu, Romania, and were kept for 16 hours without being allowed food or water or an opportunity to telephone American authorities. In a note of September 9, 1948, the Romanian Foreign Ministry requested the recall of the four Legation staff members. In a reply of September 15, 1948, the Legation in Bucharest transmitted to the Romanian Foreign Ministry a protest regarding the "inexcusable action" of Romanian authorities in this case. The Legation note,

³ A note from the Legation in Sofia to the Bulgarian Foreign Ministry on July 30, 1948, not printed, protested the action of a sentry in firing a shot over the official Legation automobile in which the Minister's wife was riding (124.746/8-448).

which gave an account of the detention, denied that any of the four staff members had taken photographs in or near Giurgiu, but agreed to comply with the Romanian request for the recall of the four. For the text of the Legation note of September 15, see Department of State *Bulletin*, September 27, 1948, page 403. Documentation on this incident is included in Department file 123 Green, Paul H.

On September 7, 1948, the United States, the United Kingdom, France, Belgium, and the Netherlands presented notes to the Romanian Government in a concerted protest on the Romanian nationalization law. Belgium and the Netherlands participated in this *démarche* at the invitation of the United States, United Kingdom, and France, while similar invitations to Switzerland and Sweden were refused on the grounds that these countries had already taken independent action against Romania. For the text of the United States note, which was typical of those presented in the concerted *démarche*, see Department of State *Bulletin*, September 26, 1948, page 408. Documentation on the preparation and delivery of the note is included in files 471.11 EW and 740.0011 EW (Peace).

501.BB/9-2048 : Telegram

The Minister in Bulgaria (Heath) to the Secretary of State

CONFIDENTIAL URGENT

SOFIA, September 20, 1948—noon.

NIACI

1188. Deptel 568, September 13.¹ We are nonplussed by opinion British Foreign Office official (London's 4179, September 18 to De-

¹ In a statement to the Bulgarian Parliament on September 3, 1948, Bulgarian Foreign Minister Kolarov, among other things, asserted that Bulgaria had faithfully fulfilled her obligations under the Bulgarian Peace Treaty and accused the United States of unjustly denying Bulgaria admission to the United Nations. Minister Heath urged that a prompt official refutation of Kolarov's assertions might have a sobering effect on the Bulgarians. The Department felt that consideration of United Nations membership applications would not take place during the early stages of the United Nations General Assembly session scheduled to open in Paris on September 21 and that the Assembly would therefore not afford a forum for prompt refutation. In telegram 568, September 13, to Sofia, sent to London as 3616, not printed, the Department proposed, subject to British concurrence in parallel action and the comments of the Legation in Sofia, to authorize Minister Heath to seek a meeting with Foreign Minister Kolarov and make known United States views orally and to leave an *aide-mémoire* confirming the conversation (501.AA/9-1348). Telegram 584, September 21, to Sofia, not printed, took note of the British Government's reluctance to make a parallel *démarche* to the Bulgarian Government, reaffirmed the desirability of taking cognizance of Kolarov's statements and accusations, and authorized Minister Heath to make a unilateral representation to Kolarov as originally proposed subject to some minor revisions in the proposed draft *aide-mémoire* (501.BB/9-1848). Additional supplementary instructions on the proposed representation were contained in telegram 588, September 22, to Sofia, not printed (501.BB/9-2248).

partment)² that Department's proposal of publicized reply to Bulgarian Foreign Minister's remarkable assertion of having fulfilled terms of Peace Treaty comes too late and would "muddy the waters" at this moment when question of voluntary limitation veto in procedural matters and on applications for UN membership may be under preliminary discussion in GA. I must state seriously my belief that this opinion and decision not to reply here would meet with hearty approval Kremlin and Bulgarian regime. Top Bulgarian Foreign Office officials barely conceal amused relief over recent joint decision to let treaty violations go without public protest or without invoking machinery of enforcement provided in treaty.

From here it appears impossible that Soviets will voluntarily give up veto UN membership applications unless we surrender our objections to admission satellites including Albania which I assume we have no present intention of doing.

Publication of reply to mendacious public statement of Foreign Minister would, I believe, have no effect other than salutary one of further clearly impressing Kremlin with seriousness of our insistence on observance of treaty commitments and peaceful international behavior.

As regards statement that delay of two weeks too late to reply issues presented in Foreign Minister's statement and Department's proposed reply have not been allowed die here witness Foreign Minister's publicized reply to Secretary General of UN on Greek question (Legtel 1184, September 18).³

It might be more effective if both Britain and US would reply publicly to Foreign Minister's international propaganda statement but I trust Department will go through with its original project unless higher authority in British Foreign Office advances reasons against such action more valid than those voiced by Wallinger.⁴ British Legation here has recommended that reply should be made to Foreign Minister's statements.

Sent Department 1188, repeated London 88.

HEATH

² Not printed.

³ Not printed; for documentation regarding the concern of the United States over the civil war in Greece and the violation of Greece's northern frontier, see pp. 222 ff.

⁴ Geoffrey A. Wallinger, Head of the Southern Department, British Foreign Office.

864.6363/9-2148 : Telegram

The Acting Secretary of State to the Legation in Hungary

SECRET

URGENT

WASHINGTON, September 22, 1948—2 p. m.

NIACT

933. Detention Ruedemann and Bannantine (urtel 1509 Sept 21¹ and previous) serious not only in itself but also as precedent. We have discussed with company which agrees sole objective US action matter should be release individuals. In our view accomplishment release dependent our convincing Hungs continuance proceedings against them will entail material consequences.

Your action to date approved. Unless you perceive major objection, endeavor arrange see Vice Premier Rakosi and in reiterating views you have already expressed to FonMin,² state orally that you are authorized inform him that we consider the accusations fantastic and unless Ruedemann and Bannantine released and permitted depart Hung without delay US Govt, which seriously concerned action Hungs in arresting Amer citizens on specious charges, and denying US officials access to them, will consider appropriate measures to impress Hung authorities that such conduct will not be tolerated. You should further say that any mistreatment recd by Ruedemann and Bannantine at hands Hungs will have serious repercussions. You should add that of course conversations in which Leg has been engaged with Min FonAff in regard various questions between two Govts with a view to resumption restitution deliveries from Germany are suspended pending satisfactory solution present matter.

We think desirable endeavor bring foregoing direct attention Rakosi as indicated but appreciate possibility he may be inaccessible (urtel 1471, Sept 16)³ in which case you are authorized to make same further *démarche* to FonMin. Particularly in light apparent Hung indecision which could be deduced from urtels 1509 and 1499⁴ believe these representations should be made at once.⁵

¹ Not printed. American citizens Paul Ruedemann and George Bannantine, President and technical adviser respectively of MAORT (Hungarian-American Oil Company), an American-owned affiliate in Hungary of the Standard Oil Company of New Jersey, were taken into custody by the Hungarian police on the night of September 18 on charges of alleged "economic sabotage" and held incommunicado. After vigorous American representations in Budapest and Washington, Ruedemann and Bannantine were released to the custody of a Legation official on September 25 and were taken to Vienna.

² Laszlo Rajk became the Hungarian Foreign Minister at the beginning of August 1948.

³ Not printed.

⁴ Neither printed.

⁵ Minister Chapin called on Foreign Minister Rajk on September 23 (Deputy Prime Minister Rakosi not being available) and again protested vigorously the detention of Ruedemann and Bannantine.

Hickerson ⁶ will endeavor telephone you twenty-third and, for possible effect on Hungs through anticipated interception, will emphasize (1) seriousness with which developments viewed both officially and publicly here; (2) our primary concern for release Ruedemann and Bannantine regardless possible consequences company interests and (3) determination take effective counteraction should Hungs go through with persecution. He will state latter connection, Dept considering among other possibilities (1) whether circumstances do not warrant closing Hung Consulates New York and Cleveland on basis US officials prevented extending appropriate Consular protection US nationals Hungary and (2) whether situation does not require refusing issue further passports US nationals to travel Hungary in absence recognition by Hungs customary diplomatic and consular right their protection.⁷

Dept also calling in Hung Min.⁸

Pending further developments and results foregoing we are confining remarks to press to statement that we take serious view matter and are following closely. We feel you should take same line Budapest if necessary pointing out to correspondents that we prompted this attitude by desire avoid at all cost any possibility there may be of further prejudicing position individuals. SONJ issuing short statement merely denying foundation charge company issued orders sabotage.

LOVETT

⁶ John D. Hickerson, Director of the Office of European Affairs.

⁷ The memorandum of the telephone conversation of September 23, 11 a. m. between Hickerson and Minister Chapin, covering the points enumerated in this paragraph, is filed separately under 864.00/9-2348.

⁸ Acting Secretary Lovett called in Hungarian Chargé John Florian on September 24 to protest the detention of Ruedemann and Bannantine in the same terms set forth in this telegram. The conversation is recorded in the memorandum by Lovett of September 24, not printed (864.6363/9-2448) and in telegram 947, September 24, to Budapest, not printed (864.6363/9-2448). Hungarian Ambassador Andrew Sik was out of town at this time. Sik became Ambassador in August 1948 following the resignation of Ambassador Rustem Vambery in May 1948.

501.AA/9-2348 : Telegram

*The Acting Secretary of State to the Secretary of State, at Paris*¹

CONFIDENTIAL URGENT WASHINGTON, September 23, 1948—1 p. m.
 NIACT

Telmar 6. Tel from Leg Sofia² states Brit Leg informed Bevin would discuss with you Brit FonOff reluctance take action parallel that we have authorized US Leg Sofia in replying Bulg FonMin Kolarov's

¹ Secretary of State Marshall served as Senior United States Representative at the Third Session of the United Nations General Assembly which opened at Paris, September 21, 1948.

² Telegram 1191, September 21, from Sofia, not printed (501.BB/9-2148).

strong public assertion Bulg observed Peace Treaty and Western Allies failed in their treaty obligation support Bulg membership in UN.³ Tel added if US pursued action Brit FonOff might reconsider position.

For your background if discussion materializes, Kolarov in speech to Bulg Parliament Sep 4 accused US and UK "flagrant disrespect treaty obligations" while maintaining Bulg "fulfilling treaty obligations docilely", asserting Bulg "carried out and continues to carry out all she contracted under Peace Treaty", and proclaiming Govt "pursues consistent policy peace". Leg Sofia recommended prompt refutation these assertions.

We concurred in desirability taking cognizance FonMin statements, and *aide-mémoire* which US Min Sofia was directed on Sep 21 to present Bulg FonMin rebuts FonMin by taking vigorous issue Bulg Govt violations human rights provisions TR, its rejection US efforts implement TR Mil clauses, etc., and concludes by reference overwhelming UN condemnation Bulg support Greek guerrillas in addition peace TR violations as further disqualification UN membership.⁴

In response Dept request comments and inquiry re parallel action contemplated, Brit FonOff felt during GA session such representations might "make waters even more turgid" mainly because discussion UN veto matters might arise Paris perhaps affecting Bulg application.⁵ We informed Brit US position UN veto matters clear and veto not involved present *démarche*, since Bulg only recd membership support USSR, Ukraine and Syria (basis universality). Further reiterated belief reply Kolarov statements and accusations against US desirable and, assuming no Brit objection unilateral US representations, instructed US Min Sofia take action earliest. After delivery *aide-mémoire* we intend make contents public.

LOVETT

³ Regarding the authorized action under reference here, see footnote 1, p. 370.

⁴ Regarding the *aide-mémoire* delivered to the Bulgarian Foreign Ministry on September 23, see telegram 1203, from Sofia, *infra*.

⁵ Bulgaria first applied for membership in the United Nations on July 26, 1947. The application was disapproved by the Security Council in August and October 1947 and again in April 1948. For an account of fate of Bulgaria's application for membership, see *Year Book of the United Nations, 1947-1948*, pp. 482-486. Bulgaria renewed its application for membership in the United Nations in communications to the Secretary General dated September 22 and October 9, 1948 (United Nations document S/1012, September 24, 1948 and S/1012/Add. 1, October 11, 1948). On November 15, 1948, the United Nations General Assembly referred to an *Ad Hoc* Political Committee the question of the admission of new members, including Bulgaria. The United States attitude with respect to the applications of Bulgaria and other Soviet satellites was set forth by United States Delegate to the United Nations Benjamin V. Cohen in a statement to the *Ad Hoc* Political Committee on November 23, 1948; for the relevant portion of Cohen's statement, see Department of State *Bulletin*, December 5, 1948, p. 695. In December 1948, the General Assembly decided to recommend reconsideration by the Security Council of the membership question. For additional documentation regarding the position of the United States with respect to the application of additional states for membership in the United Nations, see volume I.

501.AA/9-2348 : Telegram

*The Minister in Bulgaria (Heath) to the Secretary of State*CONFIDENTIAL URGENT
NIACT

SOFIA, September 23, 1948—4 p. m.

1203. Made representations to Bulgarian Foreign Minister Kolarov and left *aide-mémoire* as proposed Deptel 568, September 13 as amended by Deptel 584, September 21 and Deptel 588, September 22.¹

Foreign Minister listened my exposition and made no comment until finished and then only inquired "is that all; does your government intend proceed further action than delivery of this communication"? I replied I was not instructed what further action my government contemplated in matter, but that I had noted publication today of his letter to Secretary General UN renewing application for membership that organization.²

Kolarov made no attempt argue statements re Bulgarian noncompliance peace treaty, but did say as regards Greece that "weak Bulgarian frontier forces" were unable control entry or exit Greek "refugees." He admitted that Bulgaria offered asylum for such "refugees" and said that Bulgarian people sympathized with "what they considered were the democratic forces" of Greece; there were only "assertions" but no "proof" of Bulgarian aid to Greek partisans. I said UNSCOB report had eye witnesses reports of unhindered departure Greek partisan troops from Bulgarian soil.

Kolarov then concluded conversation, Kolarov stating he did not wish discuss my observations at this time, but they would be object of discussions within Bulgarian Government.

I regret I was not aware when I delivered this oral communication that today was first anniversary of execution of Nikola Petkov. It would have been appropriate to have called attention to that fact.

HEATH

¹ None of the messages under reference here are printed, but see footnote 1, p. 370. For the text of the *aide-mémoire* delivered to Foreign Minister Kolarov by Minister Heath, see Department of State *Bulletin*, October 3, 1948, p. 447.

² Regarding Bulgaria's renewed application for membership in the United Nations and the Bulgarian communication under reference here, see footnote 5, p. 374.

501.BB/9-2448 : Telegram

The Ambassador in the United Kingdom (Douglas) to the Secretary of State

SECRET

LONDON, September 24, 1948—6 p. m.

4259. Peck, Southern Department, Foreign Office (in absence of Wallinger who is in Paris) gave us following further views concern-

ing British *démarche* in Sofia regarding Kolarov's Sobranje statement (Deptel 584, September 21 to Sofia, repeated London 3710):¹

According Peck Southern Department entirely agrees that Kolarov statements should not be left unanswered and publicity has already been given to more inaccurate and tendentious passages. Peck cited broadcast of September 14 to all southeast satellies on UNSCOB report in which Kolarov's claim to admission to UN was refuted in very strong terms.

Peck says Foreign Office reasons for not wishing to protest at this time are tactical. Bevin hopes to discuss in Paris with Secretary and perhaps with Soviet and other delegates, among other issues of UN, whole question of admission new members. Foreign Office prefers, in these circumstances and since indictment of Bulgarian Government would greatly decrease chances of agreement, to await outcome of Paris talks before deciding whether British *démarche* in Sofia is desirable or whether arguments could be better used in statement by British Delegate in Assembly. Peck says that, while US position on veto issue has been made clear, Foreign Office feels denouncement of Bulgarian Government's claim to admission would constitute at this moment public pre-judgment of very problem which may be discussed. Therefore, according Peck, Foreign Office has decided for its part to postpone any official reaction to Kolarov's speech until results of above-mentioned talks by Mr. Bevin are known.

In our discussions on this matter with Wallinger and Peck we have received impression that it has been desire of UN Department Foreign Office that no British *démarche* be made in Sofia at this time. We have had impression that Southern Department has been favorable to making representations and Peck indicated informally to us that representations will be made by British on this subject at some later period.

Sent Department 4259, repeated Paris for Gadel 661, Sofia 34.

DOUGLAS

¹ Not printed, but see footnote 1, p. 370.

740.0011 EW Peace/9-2848: Telegram

The Minister in Bulgaria (Heath) to the Secretary of State

CONFIDENTIAL

SOFIA, September 28, 1948—3 p. m.

1226. Through repetition on VOUSA and discreet circulation here text of *aide-mémoire* (Embtel 1203, September 23) on Bulgarian regime's violation Peace Treaty and cooperation in guerrilla war against Greek Government has become known and brought some hope to wide circles Bulgaria's opposition masses.

We assume consideration is being given by Department further action consequent on presentation of *aide-mémoire*. It is hoped and

recommended that on occasion of presumed discussion in Security Council, Bulgaria's renewed application for UN membership and also in Assembly discussion of admission of Italy, Eire, Portugal and Ceylon that US and other delegations will express their views on quality and character of Bulgarian regime.

It is hoped that majority report of Security Council's undoubted rejection Bulgaria's application will be an unmistakable censure of Bulgarian regime for having flaunted its obligations under Peace Treaty to secure for Bulgarian people the human rights and freedoms and for having failed establish a democratic regime as envisaged at Yalta ¹—a regime which would be qualified to joint concert of civilized nations in UN. If feasible language of rejection might list minimum conditions for admission into UN (which would be merely reverse of Bulgaria's many violations of principles of freedom and human rights) and which should include creation of a representative government, a recodification of laws to bring them into conformity with universal principles of justice, cessation of abuse of police and judicial power and freeing of thousands now in slavery internment or in prison.

It is also hoped that Bulgarian Communist tyranny will receive attention during discussion of draft declaration and convention on human rights and again upon prospective presentation of memo on oppression of Eastern European masses by G. M. Dimitrov and other leaders of International Peasant Union.

Pages three to eleven of proposed *démarche* on Article Two of Peace Treaty transmitted Legation despatch 11 January 16 ² listed in detail the known violations of Article Two. Legation is now bringing up-to-date that list of derogations of human rights and freedoms and this revision will be forwarded by next pouch to Department and Gadel together with dossier of other pertinent material which may be of value in possible debate. Since Bulgarian violations of Article Two lie for most part and originally in series of repressive and tyrannical legislation, the question of confirming evidence is simple. It rests in Bulgarian law books themselves and Legation report will include it.

Such a publicized moral offensive against this Bulgarian province of Soviet tyranny would appear to coincide with "freedom" key notes struck by Secretary in his recent address to General Assembly. We believe emphasis especially should be placed on implication that "governments which systematically disregarded the rights of their own people are not likely respect rights of other nations and other people and likely to seek their objectives by coercion and force in international field".

¹ For documentation regarding the meeting of heads of government of the United States, the United Kingdom, and the Soviet Union, held at Yalta, February 4-11, 1945, see *Foreign Relations*, The Conferences at Malta and Yalta, 1945.

² Not printed.

Obviously, this action before General Assembly will not in itself cause any serious moderation of tyrannical minority regime now ruling Bulgaria but it should help create foundation and hope for change and should stand in a sense as a credo for freedom-loving masses now under oppression. In this connection, Legation reports its earlier observation that while by reason its geographical position Bulgaria is one of most dangerous outposts of Soviet aggression, it is at same time one of most vulnerable and accessible of Soviet satellites.

HEATH

740.0011 EW (Peace)/10-148 : Telegram

The Minister in Bulgaria (Heath) to the Secretary of State

CONFIDENTIAL

SOPIA, October 1, 1948—6 p. m.

1248. Bulgarian reply our *aide-mémoire* September 23¹ insisting on Bulgaria's right membership in UN and denying Bulgarian failure observe peace treaty or that it had supported guerrilla activity against Greek Government carries mendacity to pitch of effrontery. It is, moreover, extremely vulnerable to successful rejoinder, which I assume must be made and made soon. Our ideas regards text of rejoinder will shortly be submitted (Legtel 1246, October 1).² It seems clear to me that Bulgarian memorandum, which is wholly unconvincing and largely unresponsive to our *aide-mémoire*, was written with idea of eventual propaganda publication in Bulgarian press, with presumably incomplete quotation of our communication to which it is purportedly in reply.

I venture suggest that our rebuttal of this communication might be handed Foreign Minister Kolarov now in Paris and preferably at time when Bulgaria's renewed request for entrance into UN is being considered by SC. If pressure of business or other considerations make it inadvisable for Secretary himself present memorandum, suggest that it be delivered by Bohlen.³ At same time, I might hand in copy of memorandum to Acting Foreign Minister here.

¹ Regarding Minister Heath's *aide-mémoire* of September 23, see telegram 1203, September 23, from Sofia, p. 375. The lengthy Bulgarian reply, the text of which was transmitted to the Department in telegram 1241, September 30, from Sofia, not printed, was handed to Heath on September 30. The text of the Bulgarian note was published in various Sofia newspapers on October 2, and a long summary of the note appeared in *Pravda*, the organ of the Communist Party of the Soviet Union, on October 4.

² The telegram under reference here is not printed. In telegram 1252, October 4, from Sofia, not printed, Minister Heath transmitted the text of a proposed reply to the Bulgarian note of September 30 (740.0011 EW (Peace)/10-448). The draft note was never sent.

³ Charles E. Bohlen, Special Assistant to the Secretary of State, member of the United States Delegation to the United Nations General Assembly session in Paris.

I hope that crowded Assembly agenda will nevertheless permit oratorical reference be made to Bulgaria's total disregard of treaty and human rights as recommended mytel 1226, September 28. Secretary's keynote speech ⁴ and Mrs. Roosevelt's talk at Sorbonne ⁵ regarding human rights made an impression in diplomatic circles here and on Bulgarian listeners to VOA. Further oratorical development at Paris of this theme with Bulgaria as case in point would not only seek maintain spirit of suppressed majority on position masses in Bulgaria, but also have some restraining and disquieting effect on Bulgarian Government as well.

Only effective debating point scored by Bulgarian Government memorandum is its observation that if we felt it was disregarding treaty why did we fail to invoke the arbitral machinery for disputes provided in Article 35. I suggest that in addition to action which we recommend be taken at UN, Department now give consideration to instructing Legation submit violations of Article 2 and of military and other clauses to such arbitral machinery. It is probable that Soviet diplomatic mission would veto a meeting of three heads of mission provided in Article, but if so, case of Soviet obstruction of peaceful settlements of disputes and obligations would then become more clear.⁶

Presume VOA is briefed on Bulgarian memorandum so that if Bulgarians publish it it can be answered without delay.

Repeated Paris as 53 for Gadel.

HEATH

⁴ For text, see Department of State *Bulletin*, October 3, 1948, p. 432.

⁵ For text, see *ibid.*, October 10, 1948, p. 457.

⁶ To Minister Heath's proposals set forth in this and other messages, the Department replied (in telegram Gadel 139, October 7, repeated to Sofia as 616) in part as follows:

"Dept doubts utility this time continuance exchange directly with Bulg and believes response Bulg memo can be most effectively made in GA or SC on suitable occasion selected by USDel, possibly during debate on human rights convention or more probably in discussion Bulg membership application." (740.0011 EW (Peace)/9-3048)

740.0011 EW (Peace)/10-648: Airgram

The Minister in Bulgaria (Heath) to the Secretary of State

CONFIDENTIAL

SOFIA, October 6, 1948.

A-181. I spoke with George Andreitchin, Special Assistant to Foreign Minister Kolarov, with regard to the Bulgarian memorandum of September 29 ¹ which asserts, with bland cynicism, in contradiction to our *aide-memoire* of September 23, that Bulgaria has fully lived up to its Peace Treaty obligations to assure fundamental human and

¹ Regarding the Bulgarian communication under reference here, see telegram 1248, October 1, from Sofia, p. 378, and footnote 1.

political rights in Bulgaria. Andreitchin asserted that "they" (implying Kolarov and the Bulgarian Communist hierarchy) really believed that Bulgaria had lived up to these treaty obligations.

I remarked that I much preferred the frankness of Lenin who had not pretended that the stage of "dictatorship of the proletariat" was "democratic" or protected human and political rights. Andreitchin made no attempt to contend that human rights were protected in Bulgaria but went on to argue that the United States had supported the application for membership in the United Nations of countries where human and political rights were far from secure as, for example, Portugal. Why did we not approve Bulgaria's entrance into the United Nations and, if we had complaints about her system of government, we could then debate them before that forum? I replied that we had not approved the candidacy of Spain and that the case of Bulgaria and the other satellites was entirely different since peace treaties and the Yalta agreement, which must be respected if we were to have a progressive and peaceful world, solemnly and specifically provided for protection of human and political liberties. Andreitchin remarked regretfully that there had been a possibility of a freer system developing in Communist Russia, but the first international war against Russia, then the civil war and only a few years after a second world war followed by a revolution of "polarization" of power between the Soviets and the United States has maintained a situation of instability and suspicion in which one could not even "trust one's own brother" and made a régime of human freedoms impossible—for the time being. I replied that the actions and the thesis advanced by Soviet Russia were bringing into being an antithetical doctrine of overwhelming strength in favor of personal freedoms. I had no doubt that this movement for liberty would succeed—sooner or later, in one manner or another—and I hoped that the synthesis between the Communist point of view and the historic movement for human liberties would be peacefully achieved.

HEATH

711.74/10-948 : Telegram

The United States Representative at the United Nations (Austin) to the Minister in Bulgaria (Heath).

CONFIDENTIAL

PARIS, October 9, 1948—9 p. m.

49. Bulgarian Foreign Minister Kolarov¹ called on me this morning. He said that his visit was prompted by contrast of "very friendly"

¹ Ambassador Austin and Foreign Minister Kolarov were in Paris for the Third Regular Session of the United Nations General Assembly.

relations between Bulgaria and US during past few years as opposed to "very severe" language of memo delivered to Bulgarian Government three weeks ago.²

I answered that matters pertaining to this diplomatic exchange could only be discussed through channels with State Department. Thereupon Kolarov insisted that at least USUN delegation must know American position concerning Bulgarian admittance to UN.³ I said we had been opposed to Bulgaria's candidacy and continued to oppose it because Bulgaria could not successfully stand basic tests of Charter to-wit: Is Bulgaria truly a peace loving and independent state?

Kolarov then dwelt on peace loving character of Bulgarian people (at no time did he use word government) as well as on Bulgarian independence. He expressed belief that American position was basically determined by internal conditions prevailing in Bulgaria and asked whether this was not so. I answered that this was kind of question which could not be met by a "yes" or "no" answer, and that it was not habit of US to interfere in other nation's domestic affairs. I then stressed Bulgaria's aggressiveness on Greek border.

Kolarov closed by claim BalCom findings based on prejudiced and partial testimony, etc. and pledged that should Bulgaria be admitted to UN it would then faithfully subscribe to Charter obligations and comply with UN decisions as well as cooperate with all UN agencies and commissions.

This rather full summary of brief conversation dispatched in view possibility Kolarov may attempt distort conversation for use within Bulgarian and Soviet sphere.

Petzeff⁴ informs O'Donoghue⁵ Bulgarians here for forthcoming debate on Greek border.

Sent Sofia 49 for Heath, repeated Department 5296.

AUSTIN

² Regarding the *aide-mémoire* of September 23, 1948, from Minister Heath to Foreign Minister Kolarov, see telegram 1203, September 23, and footnote 1, p. 375.

³ For documentation on the United States policy with reference to the admission of new members into the United Nations Organization, see volume I.

⁴ Stoyan Petzeff (Pecheff), Assistant Press Attaché in the Bulgarian Legation at Paris.

⁵ Sidney E. O'Donoghue, Counselor of Legation in Sofia serving with the United States Delegation to the United Nations General Assembly.

871.00/10-2948 : Telegram

The Minister in Romania (Schoenfeld) to the Secretary of State

SECRET

BUCHAREST, October 29, 1948—2 p. m.

1150. My impression after analysis of indictment in current espionage sabotage trial (mytel 1146, October 28)¹ is that aside from anti-western propaganda and effort to terrorize potential local opposition, trial is aimed at further isolating western missions here, discouraging any local contact and realizing consistently pursued Rumanian government policy to cut down Legation staff and disrupt its effectiveness.

As Department is aware, Mme. Pauker² herself and ex-Secretary General Foreign Office Preoteasa³ and Mezincescu⁴ have on various occasions openly signified their opposition to size of our representation here (mytels 665, June 19; 474, April 23; 287, December 12, 1947.⁵ Foreign Office has also put every obstacle in way of maintaining staff by refusal to recognize service attachés or admit replacements, by withholding visas for official personnel for long periods or altogether and by sometimes granting them only after persons had been assigned elsewhere.

Aside from attacks on American officials who have already left Rumania, main weight of present indictment seems to be directed against Lovell, Leverich, Dunham (incidental to Frank [Robert] Shea) and Ferguson.⁶ It would thus seem that effort is directed toward compromising persons who both by position and experience are considered key members in different sections of Legation and whose removal would be calculated to cause the widest damage, namely: (1) service attachés office, (2) political section and (3) USIS office.

Whether Rumanian authorities plan as result of trial to ask for recall of some or all of these persons is a matter of speculation. But whether or not it does so, charges directed against them and spread throughout the press cannot but undermine their local position, intimidate few remaining local sources, preclude normal contact and seriously impair their effectiveness.

¹ Not printed. From October 27 to November 2, 1948, twelve Romanian citizens were tried by a Bucharest Military Court for participation in an alleged conspiracy to overthrow the Romanian Government, to set up an espionage system for the United States and the United Kingdom, to arrange for the reception of arms and ammunition from the United States, and to blow up the Romanian Parliament buildings. All of the accused were convicted and sentenced to various terms in prison.

² Ana Pauker, Romanian Minister for Foreign Affairs and member of the Politburo of the Romanian Workers Party.

³ Grigore Preoteasa subsequently became Minister Counselor of the Romanian Legation in Washington.

⁴ Eduard Mezincescu, Secretary General of the Romanian Foreign Ministry.

⁵ None printed.

⁶ Col. John R. Lovell, Military Attaché at Bucharest; Henry P. Leverich, Counselor of Legation at Bucharest; Donald C. Dunham, Second Secretary at Bucharest; Robert Shea, Attaché at Bucharest; C. Vaughn Ferguson, Jr., Consul and Second Secretary at Bucharest.

In these circumstances, I believe interested [officers of?] Department should consider policy they wish to follow and should determine promptly whether in the worst event they should restrict themselves merely to exposure of falsehoods, misrepresentations and improper purposes of trial or take more concrete action.

In event of requests for recall, I suggest considering as one possible measure whether we could advisedly and properly seek recall of certain Rumanian officials in Washington. It is my view that exposure alone is not enough and that only swift, apt and painful countermeasures can be effective here in contributing to an appreciation by Rumanian Government that improper actions are not without retribution.

If such a decision is taken, persons who might come under consideration are: (1) Preoteasa whose improper activities in way of pressure and intimidation in Rumanian Legation in Washington are known and (2) Lazareanu,⁷ representative of Siguranza⁸ and go between for Mme. Pauker and Rumanian Legation. Preoteasa's recall would be particularly appropriate if Leverich left since they are of similar rank and position.

I recognize possibilities of further retaliation here but believe this would be less likely if our action were timed so as to follow immediately after theirs. Whatever difficulties we may face, it is my feeling that a policy of passive acceptance can scarcely serve as a guarantee of future protection. Since we have lost four persons through the arbitrary action of the Rumanian government in connection with the Giurgiu affair⁹ and in view of possibility of further losses of personnel I believe we should reassess the situation without delay with a view to deciding whether or not there is any counter action we might appropriately take.

SCHOENFELD

⁷ Alexandru Lazareanu, Romanian Counselor of Legation in Washington.

⁸ The Romanian Secret Security Police.

⁹ Regarding the "Giurgiu affair", see the editorial note, p. 369.

864.404/11-348 : Telegram

The Minister in Hungary (Chapin) to the Secretary of State

SECRET

BUDAPEST, November 3, 1948—5 p. m.

1727. Archbishop of Eger, Czapik, number two Catholic prelate of land recently returned from Rome paid visit to inform me that his situation rapidly becoming intolerable since his efforts to mediate and win time in knock-down dragout Church State struggle shockingly exploited by Communists in their campaign to split Catholic Church in Hungary. Communist propaganda, he said, is suggesting both here and abroad that Catholic masses led by important members of hierarchy have repudiated west and are increasingly showing preference

for eastern orientation. This has no basis in fact, Czapik said, and as intelligent responsible cleric he cannot lend himself to such maneuvers designed to destroy Church unity.

Archbishop also pointed out that during recent Rome visit his impression confirmed that Hungarian emigration throughout west distressingly divided into numerous quarreling factions with leadership sought by both former Nazis and highly organized Communists directed from South America. He added his conviction that recognized leader with proved organizing ability, oratorical skill, established prestige needed to unite Hungarians and win them to positive purposes of west. This, he felt, could best be achieved by religious rather than political approach.

Czapik stated that a solution could be found to both problems if Papal See appointed him Apostolic visitor to Hungarians residing in west (precedent established with appointment Bishop to Germans in west occupied zones). In this connection he requested that I grant leave to member my staff, Koczak,¹ to go to Rome in a private nonofficial capacity to convey Czapik's recommendation to Father Leiber, personal secretary and confidant of Pope who arranges more delicate matters for His Holiness. Czapik emphasized that his request involves no action or recommendation of any kind on my part since he wishes merely to get confidential message to Leiber by reliable non-Hungarian means.

Although I told Archbishop that I wished to give matter further thought—stating that I would, of course, inform AmVat and expect Czapik to inform Cardinal if answer affirmative, to both of which he agreed—I am acceding to Archbishop's request for these reasons:

1. Strictly nonofficial, private character of Koczak visit to be arranged outside Vatican cannot be construed either as intervention in Church affairs or playing Church politics.

2. Roman Church the most powerful anti-Communist force in Hungary. Impairment of Church strength would certainly weaken resistance to Communism.

3. Impact of successful Communist propaganda asserting existence of split would produce unfavorable repercussions in other Catholic countries.

4. In view of Czapik's extended negotiations with state—certainly well-intentioned though unsuccessful—fiction of split stands better chance of acceptance if Czapik remains in Hungary.

5. Action, if successful, will certainly receive enthusiastic approval of Cardinal who, influenced by Communist propaganda, inclined to regard Czapik as serious rival.

Although mindful of US policy avoid any complications in ecclesiastical affairs I have authorized Koczak who has volunteered to

¹ Stephen Koczak, Third Secretary of the Legation in Budapest.

go to Rome on leave in private capacity, since I feel that the consolidation of Catholic resistance to Communism is in our general political interests. (Reference paragraph C page 9 policy statement on Poland)² but I have instructed him to report to AmVat in event Department may wish to give him further instructions.³

Sent Department, repeated Rome as 91 for AmVat.

CHAPIN

² Department of State Policy Statement on Poland, August 6, 1948, not printed.

³ Telegram 1074, November 5, to Budapest, not printed, replied in part as follows:

"Dept cannot concur urtel 1727, Nov 3. For your info aside from inappropriate-ness US interference church affairs by approving Koczak even informally acting as messenger, Dept feels premise disunity Hungs abroad not confirmed by facts situation." (864.00/11-548)

740.00119 EW/11-448 : Telegram

The Minister in Hungary (Chapin) to the Secretary of State

SECRET

BUDAPEST, November 4, 1948—9 p. m.

1735. Rajk began our discussion this morning with statement that information had reached him that US Government intended terminate all action on restitution from Germany to Hungary and other nations on December 31 this year. He stated this very disturbing to Hungarian Government which had goods of great value at stake. He enquired whether I could give him any information on report.

I replied that so far as I knew no firm decision had been taken by US Government but that I was aware that US military authorities in Germany desirous "liquidating" burden of restitution arrangements this year.

Rajk then asked whether it was not possible for Hungary and US to find solution present strained relations. He said US still have considerable economic interests in Hungary and there are number outstanding problems for which some solution could be found, and that on other hand, Hungary extremely desirous resumption restitution since goods distrained Germany still vital Hungarian economy. He asked what could be done.

I replied that my government, I was sure, was always ready to listen to any serious proposal for betterment Hungarian-American relations but that as a purely personal view my government unwilling negotiate under duress and that essential first move would be withdrawal by Hungarian Government of its note October 13.¹

¹ Not printed; in it the Hungarian Government alleged that the American refusal to resume restitution deliveries from Germany to Hungary was a violation of the Hungarian peace treaty. The Hungarian Government threatened to ask for the recall of members of the Legation in Budapest dealing with war damage claims under the peace treaty unless the Hungarian restitution commission was readmitted to Germany.

To my surprise Rajk admitted gravity of recent Hungarian step although he attempted defend it on grounds that it only possible reply to "brusque, unfriendly action" taken by US Government when during MAORT case I had, under instructions, informed him that conversations re restitution and other outstanding problems (Deptel 933, September 22) were indefinitely suspended. I pointed out to him that the US Government was not responsible for the worsening of relations by such actions as he claimed but rather that the deterioration began with the extraordinary Hungarian action in the MAORT case. I described for him briefly the inauguration of the "conversations" which sprang from my unofficial talks with his predecessor last spring and which had been continued without very much result until time of Danubian Conference² when Hungarians were given certain propositions upon which they undertook to get reaction their government. No reply had been given us up to time MAORT incident when conversations suspended. Meanwhile many of the problems susceptible of equitable solution had degenerated to point where they no longer capable of solution, i.e. Ford Motor Co. now sequestrated and MAORT while in effect completely nationalized.

Rajk did not deny force my arguments but indicated that Hungarian Government would be willing to withdraw note October 13 referred to above and give satisfaction on certain economic and other problems if US prepared to reconsider restitution. He said it seemed to him unfortunate that two nations could not settle their differences in friendly equitable manner in which I heartily concurred, adding, however, that I thought Hungarian Government could not expect that US alone should make concessions but that Hungarian Government must also make some. I suggested that if Hungarian Government wished again to make any proposals I would be glad to send them to my government. He then enquired whether it would be possible although not resuming "conversations" to have a purely informal exploratory talk between one of his technical assistants and one of mine at staff level. I replied that as I had stated before my government was always willing to listen to any proposal and that if Hungary serious and animated by good will which could be illustrated by some tangible proposal, even at the cost of what the Hungarians might consider some sacrifice, I believe my government would not wish to close door and I would be glad to designate officer to listen to any such proposal, but in the meantime would of course have to inform my government. He attempted to make point that it might be better if I would delay informing Washington until exploratory talk had disclosed if there was really possibility of

² Reference is to the Conference to Consider the Free Navigation of the Danube, held in Belgrade, July 30–August 18, 1948; for documentation on the conference, see pp. 593 ff.

resuming conversations looking to agreement, but I told him that this would be tantamount to resumption of conversations themselves which I not authorized undertake without further instructions.

Conservation was extremely friendly throughout and for the first time was at his request held entirely in French rather than through an interpreter.

It seems clear to me that Rajk is conscious of fact that note October 13 was a mistake and that Hungarian Government seriously concerned at prospect losing all remaining restitution. Although I am pessimistic as to possibilities obtaining any real satisfaction of our outstanding problems or of obtaining any eventual tangible settlement of our war damage claims, I did not feel in the circumstances that Department would wish to have me show a completely unyielding attitude. I do not believe that we have anything to lose in reality by informing the Hungarian Government that we are prepared to listen to any reasonable proposals they may wish to offer, making clear to them at same time that such proposals must be concrete. In unlikely event that we should be able to obtain some agreement, I would suggest that restitution be on such gradual schedule as to insure fulfillment. The thought has occurred to me further that the Department for other reasons may wish to authorize the resumption of some form of conversation or negotiations merely to gain time over the next two or three months. In view of fact that instructions with regard to reply to Hungarian note October 13 (Deptel 1071, November 3) ³ are impending, I shall await Department's views on present telegram before acting on such instructions if received in interim.⁴

Sent Department; repeated Berlin 106.

CHAPIN

³ Not printed.

⁴ In telegram 1092, November 12, to Budapest, the Department replied as follows:

"Approve line taken conversation FonMin as reported ur 1735 Nov 4. In light his expressed attitude and comments ur 1746 Nov 5, believe our advantage defer short period delivery US note in order afford Hung Gov opportunity withdraw Oct 13 note and make concrete proposals for settlement outstanding economic problems. Feel strongly Hungs have placed selves on spot where continuance *status quo* progressively unfavorable them and that in circumstances we shld not take initiative further approaches." (740.00119 EW/11-548)

Editorial Note

In a note of November 6, 1948, to the American Legation in Sofia, the Bulgarian Foreign Ministry described new travel regulations being placed in effect with respect to diplomatic missions in Bulgaria which would greatly restrict the movements of diplomatic personnel. On December 13, 1948, acting on instructions from the Department of

State, the Legation in Sofia addressed a note to the Bulgarian Foreign Ministry deploring the fact that in time of peace the Bulgarian Government found it necessary to invoke against a friendly country restrictive measures whose very nature contributed to the spread of a psychosis of hostility and suspicion. Neither of the communications under reference has been printed, but for documentation on this subject, see Department of State files 121.5474.

874.00/11-1848

*Memorandum From the Director of the Office of European Affairs (Hickerson) to the Under Secretary of State (Lovett)*¹

CONFIDENTIAL

[WASHINGTON,] November 16, 1948.

Subject: Suggested US reaction to Bulgarian condemnation of Kosta Lulchev and 8 colleagues, Socialists, last opposition members of the Bulgarian Parliament

DISCUSSION

The Bulgarian authorities have just condemned to terms ranging from life to ten years imprisonment, Mr. Kosta Lulchev and 8 Socialist colleagues who, after the elimination of Nikola Petkov and the outlawing of his National Agrarian Union, were the last opposition members of the Bulgarian Parliament. The charges against Lulchev and the others followed the familiar pattern. Their fate was predicted when, in the course of Parliamentary debate on January 12, 1948, Prime Minister Dimitrov threatened that they would follow Petkov if they did not cease criticizing Government measures.

Our Minister in Sofia believes it important that we react strongly to this final liquidation of Parliamentary opposition in Bulgaria. He suggests that (1) suitable reference to this development be made by GA Del in Paris, either in the full Assembly or in committee discussion on human rights, (2) the Department issue a press release similar to that released at the time of Petkov's condemnation, (3) the Legation in Sofia address a note to the Bulgarian Foreign Minister taking exception to references by the public prosecutor during the trial to unfounded charges of US involvement with the defendants in improper activities and (4) we invoke the disputes procedure provided in Article 36 of the Peace Treaty, which contemplates eventual UN arbitration, on the basis of this further Bulgarian violation of the human rights provisions of the treaty.²

¹ The source text is initialed by Under Secretary Lovett.

² Minister Heath's views were set forth in telegrams 1410 and 1411, November 13, from Sofia, neither printed (740.0011 EW (Peace)/11-1348).

It is believed that action at the Assembly meeting in Paris should be left to the determination of the Delegation, that the Department should issue the suggested press release which should include the text of an appropriate note from the Minister to the Bulgarian Foreign Minister regarding the allegations of US improprieties but that we would not be well advised to invoke the treaty arbitral procedure in this connection at this time. There are attached draft telegrams to Sofia, repeated to London and Paris, in the foregoing sense and containing the suggested text of a press release including a note to the Bulgarian Foreign Minister.³ The Embassy in London is also instructed to discuss the matter with the British Foreign Office with a view to the latter taking parallel action.

RECOMMENDATIONS

It is recommended

- (1) that you approve the issuance of the attached press release including the suggested note to the Bulgarian Foreign Office, and
- (2) sign the attached telegrams to that effect.

ATTACHMENTS

Draft telegrams.

³ Telegram 679, 680, November 18, to Sofia, not printed. For the text of statement by the Department of State condemning the Lulchev trial and including the text of the note delivered by Minister Heath to the Bulgarian Foreign Ministry on November 20, see Department of State *Bulletin*, December 5, 1948, p. 710.

864.404/11-1748: Telegram

The Minister in Hungary (Chapin) to the Secretary of State

SECRET

BUDAPEST, November 17, 1948—3 p. m.

1791. Monday¹ called on Cardinal Mindszenty at his request. Government action some sort against him expected daily so this possibly my last interview with him. Speaking wholly in terms human freedom and moral values (rather than politically) he expressed grave concern future Hungary, foreseeing (1) liquidation independent peasantry thus depriving church last source economic support, and (2) reported plans Hungarian Government intern and possibly deport members religious orders and village Priests, allegedly during this winter, thus removing last vestiges western thought and morality and possibly affecting Hungarian orientation for generations. He interested know whether US could take diplomatic and publicity steps, using efforts behalf Hungarian Jewish internees under Nazis as precedent. I suggested Vatican might better initiate moves but Cardinal pointed out Holy See not represented UN, not signatory peace treaty, without

¹ November 15, 1948.

diplomatic representation Hungary and solely moral force without effective power. He argued treaty signatories under obligation assist Hungary fulfillment provisions human rights. Felt publicity valuable dependent on timing. If done before action taken counter-productive. If done too late, or improvised when occasion arose, would be ineffective. Therefore, feel should be carefully prepared beforehand and released with most careful timing. Fuller memo conversation airmail.²

Sent Department 1791, repeated Rome for AmVat 94.

CHAPIN

² Not printed.

874.00/11-1948: Telegram

The Acting Secretary of State to the Legation in Bulgaria

SECRET

WASHINGTON, November 19, 1948—4 p. m.

684. While Dept appreciates force your arguments for invocation Art 36 this time, considerations transcending issue effect Bulg believed outweighing and Dept accordingly not favorably disposed. (Deptel 679, Nov 18).¹ Briefly, inauguration arbitral disputes procedure over Art 2 in case Bulg without simultaneous similar action in regard Rumania and Hungary where violations equally flagrant might have reverse reaction of appearance condonation situation latter countries. Major offensive this line all three countries together would seem out of focus in light fact admitted objective only propaganda value, tangible improvement implementation human rights provisions treaties being extremely unlikely present conditions. In itself propaganda, though useful, largely already covered. Our estimation little misapprehension oppressive character Bulg other satellite regimes exists either within or without those countries.

May be noted Legal Adviser not share view Art 36 limited as to time as is Art 35. Thus should circumstances change, further consideration can be given invocation Art 36 later date if desirable.

Sent Sofia, rptd London, Paris Gadel, Budapest and Bucharest.

LOVETT

¹ Not printed, but see footnote 3, p. 389.

864.6363/11-1848

*Memorandum by the Director of the Office of European Affairs
(Hickerson) to the Under Secretary of State (Lovett)*¹

SECRET

[WASHINGTON,] November 22, 1948.

Subject: Hungarian Government's action in taking over the management of the Hungarian-American Oil Company.

PROBLEM

In a decree issued on September 25, 1948, the Hungarian Government took over the management, including the control of all assets and rights, of the Hungarian-American Oil Company (MAORT) and the MAORT Gas Trading Company, American-owned subsidiaries of the Standard Oil Company. Article 1 of this decree stated that this action was taken in order "to prevent wilful sabotage of the production of crude oil . . . and . . . to secure undisturbed production".

DISCUSSION

The action of the Hungarian Government in taking over the management of MAORT was preceded by the arrest of loyal Hungarian employes of MAORT and later, on September 18, by the arrest and temporary detention of Mr. Paul Ruedemann and Mr. George Bannantine, American officials of the Company, against all of whom allegations of industrial sabotage were made. Prior to their release on September 25, Messrs. Ruedemann and Bannantine were compelled under duress to copy and sign so-called "confessions" which were prepared by the Hungarian police and were wholly false. On the basis of these spurious statements and others extracted from the Hungarian employes, the Hungarians fabricated an elaborate case against MAORT and immediately publicized it widely in a "Grey Book" and through the officially-controlled press. The Hungarian employes of MAORT are to be brought to trial on November 26. Meanwhile, the Department has been in close touch with the officials of the Standard Oil Company (New Jersey) with a view to determining what action should be taken in the circumstances (1) to safeguard the American interests and rights concerned and (2) to protest and refute the false charges of sabotage made by the Hungarian Government.

CONCLUSIONS

It is believed that we should instruct Legation Budapest to inform the Hungarian Government that we consider its action against MAORT wholly unwarranted and that we reserve all rights pertaining thereto and hold the Hungarian Government responsible for the

¹ The source text is initialed by Under Secretary Lovett.

continued operation of the Companies and for the value of the assets of the Companies. In addition, we should protest as false the "confessions" exacted by duress from Messrs. Ruedemann and Bannantine and, in this connection, enclose for the attention of the Hungarian Government a copy of a detailed memorandum prepared by SONJ, which reviews the history of the operation of MAORT and refutes the Hungarian allegations of sabotage. The text of our note and of the SONJ memorandum should be released to the press here following their delivery to the Hungarian Foreign Office by our Legation in Budapest.²

RECOMMENDATIONS

It is recommended that you sign the attached telegram to Legation Budapest containing instructions for the delivery of the above-mentioned note and memorandum and that you approve the release of these documents to the press here following their receipt by the Hungarian Foreign Office.³

CLEARANCES

This proposed action has been cleared with EUR, OFD:EP, ITP:PED and CP, P:POS, and L/P.

ATTACHMENT

Draft telegram to Legation Budapest.

² The note under reference here and the enclosed memorandum entitled "Standard Oil Company (New Jersey) and Oil Production in Hungary by MAORT: 1931-1948" were delivered by the Legation in Budapest to the Hungarian Ministry for Foreign Affairs under date of November 30, 1948. For the text of the note, see Department of State *Bulletin*, December 12, 1948, p. 736.

³ Telegram 1122, November 23, to Budapest, not printed (864.6363/11-1848).

121.5471/12-848

*Memorandum by the Director of the Office of European Affairs
(Hickerson) to the Under Secretary of State (Lovett)*

SECRET

[WASHINGTON,] December 9, 1948.

Subject: Reply to Rumanian Note¹ Requesting Recall of US Legation Counselor and Military Attaché and Proposal to Declare Rumanian Counselor *Persona Non Grata*

BACKGROUND

The Rumanian Government has requested the recall of the US Military Attaché, Col. Lovell, and the Counselor of Legation, Mr. Leve-rich, on the pretext of alleged "facts revealed" in a recent trial of Rumanian "plotters, spies and saboteurs" said to have conspired with

¹ For the text of the Romanian Foreign Ministry note under reference, dated December 7, 1948, see Department of State *Bulletin*, December 26, 1948, p. 809.

a number of officers of the US and British Legations. The British have also been asked to recall two of their officers named in the trial.

It will be recalled that last September the Rumanian Government declared four members of our Legation *personae non gratae* on trumped up charges.

Our Minister to Rumania, in commenting on the groundlessness of the accusations against the Legation officers, has stated his view that the Rumanian note with our reply should be promptly publicized and that prompt reciprocal action against members of the Rumanian Legation here should be taken as the only sort of language which will carry weight with the Rumanian Government. Similarly, the UK Minister in Rumania has recommended to the British Foreign Office reciprocal action against members of the Rumanian Legation in London.

RECOMMENDATION

It is recommended that

1. The US Minister be instructed by the attached draft telegram² to inform the Rumanian Government of our accession to its request for the withdrawal of our two officers, while rejecting the grounds upon which the request is based.

2. That we inform the Rumanian Legation here by the attached draft note that the presence of the Rumanian Minister-Counselor, a prominent Communist (who is presently on leave) is no longer agreeable to the US Government.³ (There are no Rumanian service attachés in the US affording a basis of reciprocal action in Col. Lovell's case).

3. That we inform the British Embassy here of our contemplated action and express the hope that the UK will take similar steps.

JOHN D. HICKERSON

² The draft under reference, subsequently sent as telegram 669, December 9, to Bucharest, not printed, contained the outline of the note delivered by Minister Schoenfeld to the Romanian Foreign Ministry on December 10 (121.5471/12-848); for the text of the note, see *ibid.*, p. 809.

³ The note under reference here regarding Romanian Minister Counselor Grigore Preoteasa, was sent to the Romanian Legation on December 10. In a second note, also dated December 10, the Romanian Legation was notified that the presence in the United States of Romanian Counselor of Legation Alexandru Lazareanu was also no longer agreeable to the United States Government (701.7111/12-1048).

864.404/12-2948: Telegram

The Minister in Hungary (Chapin) to the Secretary of State

CONFIDENTIAL

PRIORITY

BUDAPEST, December 29, 1948—noon.

1982. Following announcement Mindszenty arrest¹ and after initial expressions stunned amazement, Hungarian public waiting with anx-

¹ The arrest of Cardinal Mindszenty and 13 alleged accomplices was announced by the Hungarian Government on December 27, 1948. The Cardinal was accused of plotting against the state, spying, treason, and blackmarket dealings in currency.

ious anticipation reaction of Vatican, Washington, London. Well informed sources in conversations with Legation assess local apprehensions as follows: Issue even on surface not solely internal affair between Hungarian state and Catholic Church since former, faced with other very serious domestic problems, probably would not have taken step at this juncture except on orders from Moscow. Consequently aims of Kremlin for near future encompass international events, Hungarian developments of which include liquidation Mindszenty at this time. Inferences drawn from events here and reports concerning increased anti-Catholic persecution all curtain countries suggests Kremlin's immediate program includes early dissolution religious and other remaining ties of eastern with western Europe.

These observers therefore argue that to counter this move it important for Vatican and Western powers in propaganda to elevate incident to first rank and exploit it to extreme by devoting extensive commentary to arrest not only in broadcasts to Hungary but to all curtain countries as well as countries with large Catholic populations. In broadcasting to non-Catholic countries, arrest Mindszenty should be linked to sentencing Lutheran Bishop Ardass earlier in year for alleged foreign exchange abuses. (In this connection VOA has interesting letter of Norwegian bishops to ex-Prime Minister Dinnyes.²) Mindszenty's case should not be treated as isolated example violation human rights but linked to all forms persecution, so that his arrest becomes symbol of destruction human liberties. Case Mindszenty particularly felicitous for such exploitation in eastern Europe, since average man of whatever denomination whose abstract thinking largely limited to symbolizations in terms concrete personalities and events, has already come to regard Cardinal as prime symbol of Western ideas of liberty and Christian values. Therefore, average eastern European sees in fate of Mindszenty projection in large of own aspiration and possibilities for future. It argued further that if West does not now take appropriate cognizance of what is generally regarded here as worst example affront to human liberties since Jewish persecution, average eastern European will regard West as morally bankrupt and UNO declarations human rights merely decorative documents soon to become "scraps of paper". Also emphasized that handling Mindszenty incident bound to have serious repercussions all over Europe, especially among clergy who will take cue for future activity or passivity largely from conclusions derived from Western attitude to Mindszenty's arrest and trial.

Legation greatly impressed cogency these arguments and is preparing concrete suggestions and broadcast material for early trans-

² Lajos Dinnyes, Hungarian Prime Minister, June 1947–December 1948.

mission. In developing comprehensive program Legation would appreciate comments of other missions, especially with respect public opinion.

Sent Department 1982, pass to VOA, repeated London 119, Paris 223, Warsaw 39, Rome 108 for AmVat, Moscow 139, pouched Prague, Bucharest, Sofia, Belgrade, Vienna, USPolad Berlin.

CHAPIN

864.404/12-3148 : Telegram

The Acting Secretary of State to the Legation in Hungary

SECRET

WASHINGTON, December 31, 1948—7 p. m.

1231. From Hickerson. Concur your evaluation motivation arrest Mindszenty (urtel 1933 Dec 30)¹ and implications case in regard to effect peoples curtain area and elsewhere. You will have seen statement made press conference Dec 29.²

At same time, impossible disregard realities Cardinal's situation and consequent minimum likelihood effective intervention his behalf. Mobilization spiritual condemnation seems well advanced.

General line our thinking set forth separate tel to London rptd Budapest.³ Believe maximum initiative on part Vatican desirable tending center focus religious aspect which particularly distinctive feature this further manifestation general Communist denial fundamental rights. [Hickerson.]

LOVETT

¹ Presumably this is an erroneous reference to telegram 1982, December 29, from Budapest, *supra*.

² At his press conference on December 29, Acting Secretary Lovett said that the arrest of Cardinal Mindszenty was the culmination of a long series of oppressive acts taken by the Hungarian Government against personal freedoms, human freedoms and most recently religious freedoms. Lovett declared that it was a rather sickening sham to have the arrest made on the basis of charges which were patently false, and he added that it must affect the attitude of other countries to know that this sort of thing was going on. Lovett further stated that the Mindszenty arrest was all that was needed to complete the unhappy chain of events in Hungary and to indicate what the attitude of the Hungarian Government was toward the liberties which the rest of the world attached the greatest importance to.

³ Telegram 4838, December 31, to London, repeated as 1230 to Budapest, set forth Department policy as follows:

"US taking line that arrest Mindszenty culmination Communist attacks aimed destruction religious freedom Hung and that this action also phase systematic campaign deny exercise by Hung people fundamental human rights and liberties. This and other repressive measures taken by Communists in Hung are, in turn, typical general situation throughout Sov orbit and form part general pattern extinction all freedom and opposition, whether religious, political or other."
(864.404/12-3148)

ATTITUDE OF THE UNITED STATES TOWARD EASTERN EUROPEAN EXILE LEADERS AND ORGANIZATIONS

860M.00/1-648

*Memorandum by the Chief of Protocol (Woodward) to Mr. Matthew
J. Connally, Secretary to President Truman*¹

[WASHINGTON,] January 19, 1948.

The Lithuanian Minister² has requested that he and his Estonian and Latvian colleagues³ be received in the near future by the President for the purpose of presenting a memorandum regarding the present and future status of the Baltic States. The memorandum, a copy of which is attached,⁴ recites the various illegal acts of the Soviet Government in the liquidation and "Russification" of the three independent countries and appeals to the President:

- (1) To refrain from recognizing the annexation of the States by the Soviet Union.
- (2) To assist in restoring the exercise of their sovereign rights.
- (3) To save the Baltic peoples from complete extermination.
- (4) To consent to the despatching of a control commission of the allied powers to the three States.
- (5) To continue to aid Baltic displaced persons.

The delicate nature of our relations with the U.S.S.R. at present makes it advisable to avoid any further complications. At present this matter is not being agitated, and it is believed that it would not be in the interest of the Baltic representatives themselves to take any steps which might provide a change in this situation.

The Department considers it inadvisable to comply with the request of the Baltic Ministers at this time, and if the President agrees they will be told that they may call at the Department and leave their

¹ This memorandum was sent in accordance with a recommendation made by John D. Hickerson, Director, Office of European Affairs, in a memorandum of January 6, 1948, not printed, which was approved by Assistant Secretary of State Norman Armour.

In a reply to Woodward dated January 27, 1948, not printed, Presidential Secretary Connally agreed with the position set forth in this memorandum. (860M.00/1-2748)

² Povilas Zadeikis.

³ Johannes Kaiv, Acting Consul General of Estonia, and Alfred Bilmanis, Latvian Minister.

⁴ The memorandum, dated September 8, 1947, and signed by 53 Lithuanian, Latvian, and Estonian political leaders in exile, is not printed.

petition here, probably with the Assistant Secretary, Norman Armour, if they wish to do so.

Please return the enclosure for the Department's files.

STANLEY WOODWARD

871.001 Mihai/1-1948

*Memorandum of Conversation, by the Chief of the Division of
Southern European Affairs (Barbour)*

CONFIDENTIAL

[WASHINGTON,] January 19, 1948.

Participants: Grigore Gafenco, former Rumanian Minister for Foreign Affairs;
Charles Davila, former Rumanian Minister in Washington;
The Honorable Norman Armour, Assistant Secretary;
Walworth Barbour, SE

Messrs. Gafenco and Davila called on the Assistant Secretary on January 19, by appointment made at their request. Mr. Gafenco opened the conversation by referring to the position of King Michael.¹ He pointed out that the dynastic principle is not firmly fixed in Rumania, as it is for example in Britain, but that the importance of Michael stems from his almost universal popularity and admiration among the Rumanian people as a result of his courageous efforts to resist Soviet and Communist encroachment and the final submergence of the people's human rights. He raised the question of Michael's issuing a statement with regard to his abdication. In the opinion of Mr. Gafenco and Mr. Davila it would be advisable for Michael to make a simple statement to the effect that the abdication was imposed upon him by a Rumanian Government representing only a small minority of the Rumanian people, that that Government had in turn been imposed upon Rumania by a foreign power and that the abdication was forced contrary to Michael's wishes. In the view of Mr. Gafenco and Mr. Davila such a statement would, on the one hand, give encouragement to the friends of democracy in Rumania without going so far as to cause the Rumanian people to undertake positive pro-western action at this time which would result in reprisals and, on the other hand, would not embarrass the US in continuing to maintain its relations with the present Rumanian Government. Messrs. Gafenco and Davila stated that they desired to suggest such a course to the King and would

¹ King Michael (Mihai) abdicated the Romanian throne on December 30, 1947 and took up temporary residence in Switzerland. For documentation regarding the attitude of the United States with respect to King Michael's possible abdication, see *Foreign Relations*, 1947, vol. iv, pp. 508-512.

like to be able to add that they have the clear impression that such a statement would not be ill-received by the US Government. The Assistant Secretary said that, while the decision would naturally be one for Michael himself, the Department would have no grounds to object to such a statement as they proposed but he queried whether the Swiss Government would agree to any statement made from Switzerland.² Mr. Gafenco thought that it is undesirable in any case that Michael remain in Switzerland, referring to the presence there of former King Leopold of Belgium, Juan of Spain and various other royal personages including certain members of Michael's family. In his opinion such an atmosphere is not conducive to the maintenance of Michael's political prestige. Mr. Gafenco said that it would be his plan for Michael to issue his statement through a Swiss journalist, possibly in the form of an interview to be published on the responsibility of the *Journal de Geneve*, and that the statement should be issued just prior to Michael's departure from Switzerland. As for possible destinations both Gafenco and Davila strongly urged the desirability of Michael's coming to the US. In this country they felt Michael could reside quietly and at the same time engage in sufficient political activity to maintain his political position. Furthermore, they considered that his establishment in the US which is now the leading proponent of democratic ideals would itself give material encouragement to the Rumanian people. They expressed the belief that, while England would be the second best place for Michael to reside, he would be received there more on the basis of his royal station than upon his record as a defender of freedom with obviously less desirable consequences. They asked the Department to give urgent consideration to authorizing Michael's entrance into the US.

Mr. Armour said that the Department would consider this matter and inform them of this Government's position at the earliest possible date.³ At the same time, he pointed out certain obvious difficulties which require careful consideration before such a decision could be reached. Michael's arrival would be accompanied by widespread publicity which might itself lead to reprisals in Rumania and ac-

² Telegram 58, January 14, 1948, to Bern, not printed, commented that it appeared to be in the interest of the United States for information regarding King Michael's forced abdication to be made generally and promptly known as a further instance of Soviet-Communist aggression (871.001 Mihai/1-1448). During a visit to London on March 4, 1948, King Michael issued a statement repudiating his abdication and describing the means by which the Communist regime in Romania obliged him to sign the act of abdication.

³ Telegram 138, February 2, 1948, to Bern, set forth the Department's position on this matter as follows:

"We are informing Gafenco and Davila in response their inquiry that in event King Michael applies visa to visit US temporarily accompanied by reasonable entourage such application will be sympathetically considered but that, if he asks re indefinite residence, for time being we wish postpone determination our attitude except on temporary visit." (871.001 Mihai/1-2248)

celerate the course of events there and it would be difficult for him to lead the quiet existence in this country envisaged by Messrs. Gafenco and Davila.

Mr. Gafenco then turned to general European political affairs as they affect the European refugees and referred to his earlier conversation with the Assistant Secretary in that connection. He said that, as a result of his conversations in this country, he is convinced of the utility of establishing a basis of cooperation between appropriate American scientific and cultural organizations concerned with foreign affairs and the various refugee groups. In his opinion such cooperation would serve to discipline the thinking of the many capable European leaders now in exile and to direct their efforts into the useful channel of providing a possible blue print, or blue prints, for concerted effort toward European renaissance at the appropriate time. In the absence of some such cohesive force Mr. Gafenco and Mr. Davila both foresee the endless continuance of the petty bickerings so evident among such groups at present. If their efforts can be so channelized it would also tend to prevent these able individuals from falling into the defeatism which he said he has detected among many of the Europeans whose exile in this country has been prolonged. Mr. Gafenco said he found general acquiescence along this line among such persons as Allen Dulles, Hamilton Fish Armstrong, and such associations as the Council on Foreign Relations, the Foreign Policy Association, various universities, etc.

800.4016 DP/1-3148

Memorandum of Conversation, by the Assistant Secretary of State for Political Affairs (Armour)

[WASHINGTON,] February 6, 1948.

Participants: The Lithuanian Minister
 The Latvian Minister
 The Acting Estonian Consul General
 A-A—Mr. Armour
 EE—C. Burke

The three Baltic Ministers called on me this morning at their request. The Lithuanian Minister stated that their purpose in calling was to request me to transmit to the President a petition signed by prominent representatives of political, economic, and cultural life of the Baltic States.¹ All of the signers of the petition are residing outside of the Baltic States at present. The Minister said that the knowledge

¹ The petition or memorandum under reference here is described in the memorandum of January 19, 1948, from Chief of Protocol Woodward to Presidential Secretary Connally, p. 396.

that this petition had reached President Truman would encourage all displaced persons from the Baltic States to hope that their plight would receive the sympathetic support of democratic nations, particularly the United States.

I told the Minister that I would be glad to see that the petition is transmitted to the White House. I went on to say that the position of the United States Government in connection with the political status of the Baltic countries is well-known and has been reaffirmed from time to time. I said that this country has not recognized the incorporation of the three States into the Soviet Union. It had not been possible, however, to consider actively the question of the political status of these countries up to the present time due to the fact that the Government has been engaged in attempts to solve certain major post-war problems. I assured the Ministers, however, that the plight of the Baltic peoples was a matter of real concern to this Government. I reminded him that the United States participates in and is the chief contributor to the International Refugee Organization, and that the State Department is giving its support to the passage of legislation which would permit many displaced persons to take up residence in this country. This, I felt, would serve as testimony of the interest which this Government takes in the Baltic peoples.

The Ministers thanked me for receiving them, and Mr. Kaiv, the Estonian Consul General, asked if there would be any objection to the publication of the petition. I suggested that the petition first be submitted to the President for his information and possible comment and that they might consider publishing it at a later date after the President has had an opportunity to see it.

NORMAN ARMOUR

860H.001 Peter II/2-1748 : Airgram

The Minister in Switzerland (Vincent) to the Secretary of State

[Extracts]

SECRET

BERN, February 17, 1948.

A-50. Following memorandum prepared for the Minister by Lieutenant Colonel Harrington, Assistant Military Attaché, and transmitted through the Military Attaché Colonel Allan:

"Ex-King Peter and his ADC, General Orlovic, have finally received visas for travel to the United States. King Peter plans to sail in mid-March, while Orlovic plans to fly on 15 March. Although Peter has received his visas on the basis of travelling in a private capacity, his actions and interests of the past few years indicate he is prepared with any encouragement to enter discussions on other subjects with authorized US representatives.

.

"On 26 August, 1947, King Peter addressed a letter¹ to the Military Attaché specifically requesting assistance to travel to the United States in order to clarify his position with respect to the United States Government. This letter clearly emphasized his feeling that he alone was the proper representative to lead his people from Communist domination. King Peter requested a definite and prompt answer. No reply has been received from the Department of the Army.

"Since conversations in London during the recent royal wedding,² Peter appears to have become somewhat more optimistic of the possibility of re-establishment of royal Yugoslav diplomatic missions in several countries, and it is probable that this may be one of the matters that he will wish to investigate. Another principal item on his agenda is the protection or repossession of a considerable portion of the gold stocks now blocked by the United States, and alleged by the present Yugoslav Government to be government funds. Peter alleges that funds of the National Bank are represented by shares and that Peter and his father were principal stockholders and that this money represents private interests.

"Peter also intends to re-establish contact on a more intimate working basis with former Ambassador Fotitch³ and other leaders of the Serbian groups. He would also like to establish contact with Mikolajczyk,⁴ Macek,⁵ Nagy,⁶ and Michael of Rumania⁷ if the latter carries out his plans to go to the United States.

"It should be emphasized that Peter still does not wish to do anything that will compromise his position with respect to the United States, and consequently asks guidance with respect to any statements he may, or may not make to the press on arrival, what sort of activities and contacts would be accepted by the United States.

VINCENT

¹ Not printed.

² The reference here is to the marriage in London in September 1947 of Princess Elizabeth and Prince Philip.

³ Wartime Ambassador to the United States of the Yugoslav Government in Exile, Konstantin Fotić (Fotitch).

⁴ Stanisław Mikolajczyk, Prime Minister of the Polish Government in Exile in London, 1943-1944; Minister of Agriculture in the Polish Provisional Government of National Unity, 1945-1947; head of the Polish Peasant Party; in exile in the United States from the latter part of 1947.

⁵ Vladimir Maček (Machek), leader of the Croatian Agrarian Party; in exile in the United States from 1945.

⁶ Ferenc Nagy, leader of the Hungarian Smallholders' Party; Hungarian Prime Minister, November 1945-June 1947.

⁷ King Michael abdicated the Romanian throne in December 1947. Airgram A-62, March 2, 1948, from Bern, not printed, reported that Peter had been disappointed with the results of conversations with Michael who appeared to have "thrown in the sponge and either through fear or disinterest is prepared to withdraw permanently from the Rumanian national scene." (S60H-001 Peter II/3-248)

870.00/2-2748

*Memorandum of Conversation, by the Assistant Secretary of State
for Political Affairs (Armour)*

[WASHINGTON,] February 27, 1948.

Participants: Mr. Leonard Simutis, President of the Lithuanian-American Council
Dr. Pius Grigaitis, Secretary of the Council
Mr. Michael Vaidyla, Treasurer of the Council
Mr. Constantine R. Jurgela, Director, Lithuanian-American Information Center
Mr. Harry W. Lielnors, Representative of the Latvian and Estonian groups in the United States
Mr. Norman Armour—A-A
Mr. Francis B. Stevens¹—EE

The Delegation representing the Lithuanian-American Council called on an appointment arranged through the office of Congressman Gordon, of Illinois. Dr. Grigaitis, who served as spokesman for the group, referred to the desperate situation of the Baltic peoples under Soviet rule and their systematic persecution by the Soviet authorities, a policy which he described as genocide. He stated that unless the United States adopted a more forceful policy to protect the Baltic peoples, they were in danger of extermination in the near future.

I reminded the members of the Delegation that the policy of this Government on the issue of the Baltic States was clearly defined and had been consistently adhered to. The United States refused to recognize the incorporation of the Baltic States into the Soviet Union and continued to recognize the diplomatic representatives of the three Baltic States in the United States. I added that this Government had constantly in mind the situation of the Baltic nationals among the displaced persons in Europe and that it desired to assist them in so far as possible. The United States had consistently opposed the forceful repatriation of DPs to the Soviet Union, was the principal contributor to the "PCIRO",² and had supported the Stratton³ Bill in Congress

¹ Acting Chief, Division of Eastern European Affairs.

² The First Session of the Preparatory Commission for the International Refugee Organization (PCIRO) met in Geneva in February 1947 and in Lausanne in May 1947. For a brief description of these meetings, see Department of State Publication 3031, *Participation of the United States Government in International Conferences, July 1, 1946-June 30, 1947* (Washington, Government Printing Office, 1948), pp. 300-304.

³ Congressman William G. Stratton of Illinois.

which would provide for liberalization of the immigration quotas with reference to DPs.⁴

Mr. Jurgela complained about the treatment of Baltic DPs under IRO administration. He said that an improvement in the situation of the DPs had been anticipated when IRO took over the administration from UNRRA but that in reality the situation had deteriorated. Not only were Soviet repatriation officers admitted to camps to exert pressure on Baltic DPs to return to the Soviet Union but DPs were being repeatedly screened and were obliged to disclose the names of their relatives in the Baltic States, lists of which were then turned over to the Soviet repatriation officers.

Dr. Grigaitis said that the Council was considerably perturbed by a report which they understood was being prepared by a Senate Judiciary Committee Subcommittee which is investigating the DP problem. They understood that the Subcommittee would recommend legislation which would grant preferential treatment to DPs who were citizens of countries annexed by another state. While the Council was sympathetic to the aims of this report they were concerned by the use of the term "annexed by another state", feeling that use of this language might be considered implicit recognition by the American Government of the incorporation of the Baltic States into the Soviet Union. They had been informed that this language had been approved by the Department of State.

I informed the Delegation that I had no knowledge of this proposal and that I was not aware that the Department had been consulted with reference to it. I agreed that the use of language of this kind would be unfortunate and undertook to inquire whether any approach had been made to the Department by the Subcommittee. Mr. Jurgela informed Mr. Stevens confidentially that the Subcommittee in question was the Revercomb Committee.

Dr. Grigaitis then referred to press notices that the Voice of America was inaugurating broadcasts in additional foreign languages and recommended that broadcasts in the languages of the Baltic States be undertaken. He stated that competent personnel and adequate material for such programs were available and expressed the opinion that broadcasts in these languages would have a considerable effect in strengthening the morale of the populations of these countries. He denied that most persons in the Baltic States could understand the Voice Russian language programs, pointing out that whereas

⁴ In June 1948, Congress passed the Displaced Persons Act of 1948 which would permit the entry into the United States of 200,000 displaced persons as well as 2000 recent Czechoslovak refugees and 3000 orphans. Because of the discriminatory features in the bill, President Truman signed it with reluctance; see the President's statement to the press, June 25, 1948, Department of State *Bulletin*, July 4, 1948, p. 21.

the older generation knew Russian, those who had grown up after the first world war normally did not. In response to a query as to the number of short-wave receivers available to persons in the Baltic States, he said that while receivers had officially been confiscated, sets had been smuggled in from Sweden and he was confident that broadcasts in the Baltic States would be widely heard.

It was suggested to the Delegation that the inauguration of broadcasts by the Voice of America in the Baltic languages would be considered a deliberate attempt to incite opposition to the Soviet authorities and might result in an intensification of the repressive measures to which the populations of these countries are now subjected. This factor seemed to make some impression and the Delegation, before its departure, appeared agreed that it would perhaps be inadvisable to undertake such broadcasts at this stage. They expressed the hope, however, that material of direct interest to the Baltic peoples could be included in the Russian language programs and offered to supply material of this nature if it was desired.

NORMAN ARMOUR

840.00/3-848

*Memorandum of Conversation, by the Acting Chief of the Division
of Eastern European Affairs (Stevens)*

SECRET

[WASHINGTON,] March 8, 1948.

Participants: Former Polish Ambassador Lukasiewicz¹
Colonel Matecki
Francis B. Stevens, EE

I spent several hours last evening with Mr. Lukasiewicz, a former Polish Ambassador to the Soviet Union and France. He is now residing in London where he maintains close relations with the unofficial Polish Government-in-exile. He has been in the United States for the past two months and expects to return to London shortly.

Mr. Lukasiewicz is actively engaged in building up support among refugees from Eastern Europe for what he prefers to call a Central European Federation. He said that so-called clubs, composed of public figures from various countries of Eastern Europe, had been formed in London, Paris and Rome to win supporters among refugee groups for the idea of such a federation. It is hoped to organize other clubs in the near future in other cities of Western Europe. There is apparently no central organization to coordinate the activities of the clubs in the various cities but a steady exchange of ideas goes on between them.

¹ Juliusz Lukasiewicz served as Polish Ambassador to the Soviet Union and France before World War II. He was President of the Independence League, an organization of Polish exiles.

Mr. Lukasiewicz candidly admitted that the federation idea was impractical as long as Eastern Europe was dominated by the Soviet Union but looked forward to the day when it might be liberated from Soviet control. He was enthusiastic about the prospects for a Western European Federation and felt that this was a step in the right direction. I inquired how he visualized the Central European Federation and what countries would be included in it. He said that there are two schools of thought on this subject. One advocated a federation extending from the Baltic to the Mediterranean and including all countries between Germany on the west and Russia on the east. This plan envisaged the eventual dismemberment of the Soviet Union and the inclusion of Byelo-Russia and the Ukraine in the federation. The alternative, which he considers more realistic, would consist in reality of two federations—a southern group including Yugoslavia, Bulgaria, Greece and Albania, and a northern group consisting of the countries north of the Danube.

I inquired concerning the political orientation of the sponsors of the federation idea. Mr. Lukasiewicz emphasized that the clubs were not party organizations and that they contained representatives of all kinds of anti-communist and anti-totalitarian tendencies. He made clear, however, that the activities of the Peasant International were detrimental to the plans of the advocates of federation, explaining that the Peasant International would constitute Eastern Europe as a predominantly agricultural area which would condemn it to the role of supplying foodstuffs and raw materials and would hamper its industrial development. He predicted that plans to assign to Eastern Europe a primarily agricultural role in the future would meet with little sympathy from the peoples of that area.

I asked whether it was intended to establish clubs in the United States to promote the idea of federation and maintain contact with the clubs in Europe. Mr. Lukasiewicz said that conditions were different in the United States, that European refugees in this country were interested principally in their narrow national problems, and that their political activity was considerably circumscribed by visa restrictions and the requirements of the Foreign Agents Registration Act. In Europe, political activity in exile was much easier. He did not feel that the time was propitious to begin activity in the United States.

Mr. Lukasiewicz said that the Poles in London had no difficulty in maintaining close contact with Poland and in obtaining abundant information concerning developments there. Intellectuals from Poland were constantly coming to London on various missions and, while there, talked freely with their friends and relatives. The information they obtained indicated that every effort was being made to speed up the pace of Sovietization but that all attempts in this direction met with resistance on the part of the Polish people. The Church was the

greatest obstacle in the path of the Soviets and there were indications that a showdown with the Church might come shortly.

I asked whether their information indicated that the Voice of America and BBC broadcasts to Poland had much effect. Both Mr. Lukasiwicz and Colonel Matecki said that the broadcasts were avidly listened to and their content passed on to many who did not have access to receivers. They criticized the content of the programs, saying that they were devoted too much to American and British news and contained too little of direct interest to the Polish people. I explained that one of our objectives was to provide objective reporting on events that would otherwise not be available to the Polish people because of censorship. They agreed that this was important but felt that the program should give the audience in Poland more information on Polish events and also provide encouragement to them in resisting the present régime. They suggested that more material be carried based on articles in Polish language papers published in the United States and Western Europe. They said that these papers have been publishing excellent articles on subjects of wide interest to the Polish people.

They also criticized the amount of attention given Mikolajczyk and his activities on the Voice and the BBC and claimed that this was creating suspicion among listeners in Poland. The Poles at home were well aware that Mikolajczyk was not the only Polish émigré. There were other important groups who had their own contacts with Poland and who were working for the restoration of Polish independence. The Polish listener was inclined to ask why Mikolajczyk received so much publicity when little or no attention was given to the activities of other Polish émigrés.

Mr. Lukasiwicz expressed great interest in the possibility of an institute of Eastern European studies, which he said he had discussed some weeks ago with Mr. Thompson.² He felt that an institute might serve a very useful purpose as an interim stage before renewed political activity in Eastern Europe would be possible. The institute might be half political, half research in nature. It would require substantial financial support, however, and steps would have to be taken to facilitate the entry into the United States of qualified personnel. Without going into detail I outlined our general ideas for an institute and said that plans for its realization were being developed.³

FRANCIS B. STEVENS

² Llewellyn E. Thompson, Jr., Deputy Director, Office of European Affairs.

³ In document PPS 22, February 5, 1948, subsequently revised and reissued as PPS 22/1, March 4 and approved by Under Secretary of State Robert Lovett on March 15, neither printed, the Policy Planning Staff proposed measures to encourage the defection of members of elite groups of the Soviet Union and eastern Europe and to utilize such refugees in the interest of the United States. One of the measures proposed was the encouragement of the establishment in the United States of a social science institute composed of refugee and American scholars doing basic research studies on the Soviet world (Policy Planning Staff Files).

871.001 Mihai/3-1148

Memorandum by the Secretary of State to President Truman

[WASHINGTON,] March 11, 1948.

Subject: Suggested Reception of Ex-King Mihai of Rumania, Ex-King Peter of Yugoslavia, Former Prime Minister Nagy of Hungary and Former Prime Minister Mikolajczyk of Poland.

Ex-King Mihai of Rumania is scheduled to visit the United States unofficially from the middle of March to the first week in April. Ex-King Peter of Yugoslavia also anticipates coming here in a personal capacity this spring. Former Prime Ministers Nagy of Hungary and Mikolajczyk of Poland are already in this country. King Mihai and the Prime Ministers have expressed a desire to pay their respects to you and it is expected that King Peter will also wish to do so.

Brief biographic summaries concerning these persons are attached.¹

There is, of course, no obligation for you to receive refugee unofficial visitors and, accordingly, the line has been taken heretofore that pressure of your engagements has made it impossible for you to see the Prime Ministers. However, in the light of recent developments in Europe, we now believe your reception of these four over a period of several weeks would (1) provide opportune emphasis of the United States position that United States maintenance of diplomatic relations with the Soviet satellite regimes from which they have been forced to flee does not imply approval of those regimes, (2) give the USSR cause to speculate as to future United States intentions toward such regimes, and (3) demonstrate continued United States interest in the welfare of the important oppressed democratic elements among the peoples of those countries of whom these refugees are representative.

In the circumstances, it is recommended that, if you approve, arrangements be made for these former Heads of State and Prime Ministers to be received individually by you at your convenience.² It may be noted that the French Foreign Minister has informed us that, while he is in Paris en route to the United States, King Mihai will be received by the President of the French Republic and the French Prime and Foreign Ministers.

G. C. MARSHALL

¹ None printed.

² King Michael was received by President Truman at the White House on March 22, 1948. No record of the conversation has been found. No substantive matters appear to have been discussed. King Peter called on President Truman on May 21, 1948; regarding that conversation, see airgram A-143, June 10, to Bern, p. 416. Neither Mikolajczyk nor Nagy were received by President Truman.

871.001 Mihal/3-2348

*Memorandum of Conversation, by Mr. Horace J. Nickels of the
Division of Southern European Affairs*

CONFIDENTIAL

[WASHINGTON,] March 23, 1948.

Participants: King Michael (of Rumania)
The Queen Mother
Mr. Nickels, SE

At the initiative and invitation of King Michael, I called upon him today in his suite at the Shoreham Hotel. The King received me at the outset privately for a conversation lasting approximately fifteen minutes after which the Queen Mother joined us for an additional period of about fifteen minutes.

The conversation began with customary amenities including reference to Messrs. Burton Berry and Roy Melbourne, our former Representatives in Rumania. Then the King remarked that there were several matters which he had wished to discuss with me as Geographic Desk Officer for Rumanian Affairs.

First, he said that since leaving Rumania the possibility of his obtaining information on developments there had ceased and he would like to know something about these. In response, I sketched in a very general way, the salient features of the accelerated communization of Rumania, touching chiefly on the economic measures that had been put into effect, the proposed new constitution, the forthcoming parliamentary elections and the rumored cabinet changes to follow the elections.

The King said that, because his lines of communication with Rumania had been broken, he would appreciate it greatly if he might from time to time obtain from us information concerning developments in his country. He said he supposed that much of our Bucharest Legation's reporting was classified and that he did not wish to ask for any material of a secret character; what he was interested in was information of a general nature. He said that he would like to leave his personal secretary, Mr. Ioanitiu, in the United States on his return to Europe in April, if that could be arranged, and wondered in such event whether Ioanitiu might from time to time obtain such information from us on his behalf.

I mentioned the inquiry which Ioanitiu had just made to me as to what members of the National Peasant Party had been condemned in trials subsequent to that of Mr. Maniu.¹ I said that I would give him

¹ Iuliu Maniu, leader of the Romanian National Peasant Party, who was tried and convicted in November 1947 of crimes against the Romanian state. For documentation regarding the arrest and trial of Maniu, see *Foreign Relations*, 1947, vol. iv, pp. 493-510, *passim*.

that information and that if he had similar inquiries on occasion I would do what I could to inform him. The King said that he would not necessarily be in position to frame particular questions but wondered if it would be possible from time to time to obtain, without too much trouble to us, some kind of summary of general developments. I acknowledged his request for transmission to the Department.

As to the question of his secretary remaining in the United States upon the King's return to Europe, I said I would be glad to look into the matter, indicating that I thought it might well be possible for a while at least, and suggested that Mr. Ioanitiu come in to the Department one day to clarify the period of validity of his visa and whatever statement he might have made to the Immigration authorities about his intended length of stay in this country. (Although the King did not mention it in this conversation, his secretary has indicated to Mr. Wisner² and me that Michael himself would like to return to the United States after his marriage,³ which would call for a policy decision.

The King then said that the factional controversy of the Rumanian exiles and their various maneuvers to advance their personal interests by exploiting him was causing him great distress in various ways. He asked how the Department would regard an effort on his part to resolve their quarreling by bringing them together in some kind of committee in which their energies could be directed to a common cause of the welfare of Rumania. He indicated that he felt that General Radescu⁴ was the logical one to head such a committee. He said that he did not propose to tell the exiles how to do this or what persons should be selected for membership, but only that he would like to use his influence to put an end to a preposterous state of affairs and wished to know how the Department would regard the formation of such an organization.

I replied that the Department had taken an entirely neutral attitude on the formation of a Rumanian National Committee, not wishing to advise either for or against it. I added that I felt sure, however, that the Department would regard the formation at this time of anything resembling a Rumanian Government-in-exile as premature. The King brushed aside any thought of such an intention. I said that otherwise I believed that any efforts which he might be disposed to make to mitigate the strife among the émigré would be welcomed by the Department.

² Presumably the reference here is to Frank G. Wisner, Special Assistant to the Assistant Secretary of State for Occupied Areas.

³ King Michael married Princess Anne of Denmark in June 1948.

⁴ General Nicholas Rădescu, Romanian Prime Minister, November 1945–February 1946.

Michael went on to say, in comment on these conflicts, that he had been very much confused and disturbed by one or another person presuming to represent him or his interests in dealing with the Department and by this one or that claiming to represent the Department or its views in approaching him. He recalled that he had personally told Mr. Vincent ⁵ in Bern that none of the Rumanians outside of his entourage were authorized to represent him or to discuss his affairs without specific commission to do so and that he wished to deal with the Department directly. He suggested that if he were in another country he would like to communicate with us through the American Chief of Mission there either in person or through his aide, Major Vergoti, and that if his secretary, Ioanitiu, could remain in this country he would like to designate him as the only authorized channel of communication here.

I told the King that I felt sure that his wish to deal with us directly was reciprocated by the Department. I said that I believed the Department would prefer that in the first instance he confer personally with our Chiefs of Mission abroad, but that I would be glad to receive Ioanitiu as his designated representative at any time. I explained that in advance of any indication from him we had dealt impartially with the Rumanian exiles who were favorably known to us—that if Messrs. Davila and Gafencu, for example, had called upon officers of the Department to present their views and inquiries on matters, including those relative to him, they had been cordially received, or if Messrs. Cretzianu, Buzesti and Visoianu ⁶ had approached the Department with their views and inquiries they had been accorded a like reception. I said that the King's request to Mr. Vincent about dealing with us directly on matters affecting his personal interests had been noted.

I expressed regret to the King that his visit to this country had been marred by confusion over his plans and the accompanying intense aggravation of the conflict between the factions of Rumanian émigré which might have been avoided by direct contact between us and his entourage. I explained to him that the reason he was not met in New York by a representative of the Division of Protocol was because of the unofficial character of his visit and the feeling that it would be given a disproportionate political interpretation.

I said that in line with his statement to Mr. Vincent and because of intimations from several sources in touch with his entourage, we had anticipated that his secretary would be getting in touch from

⁵ John Carter Vincent, Minister in Switzerland.

⁶ Alexander Cretzianu, former Romanian Minister to Turkey; Grigore Niculescu-Buzesti, former Romanian Foreign Minister; Constantin Visoianu, former Romanian Foreign Minister.

New York with the Division of Southern European Affairs and might be coming on ahead to Washington to discuss the King's plans and wishes with us. I mentioned that we had in fact sent a message through our security officer assigned to him indicating that we would be interested in communicating with his entourage about his plans. The King gave no indication that he had received such a message.

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The King asked me whether I thought it would be well for him to seek an opportunity to speak to Mr. Armour about the situation pertaining to the Rumanian émigrés. I told him that if he desired to express his views and wishes in this regard directly to Mr. Armour or to discuss other matters I was confident that Mr. Armour would be glad to see him. He said he understood that Mr. Armour was attending the luncheon to be given for him by Secretary Harriman⁷ and that he might find occasion to broach the matter at that time.

At this point the Queen Mother came in. After the King had introduced me to her and we had exchanged a few general remarks, he mentioned to her some of the things we had been discussing. She indicated her displeasure over the way in which, especially since their arrival in the United States, various persons were attempting to use Michael for their own advantage. She said "Poor Radescu certainly has had his trouble trying to get the Rumanians together." She deplored the letter which Davila had written to her lady-in-waiting for the attention of the King (a copy of which she understood had been sent to me), remarking that Davila had never been a Minister to Michael and she felt he had no business to raise some of the questions which he did in his letter. I confined myself to indicating, without further discussion, an understanding of how the letter might have affected her.

I repeated to her the regret I had expressed to the King that these unpleasant developments had occurred during their visit here but remarked that fortunately so far as the American public was concerned it was not aware of all this. She agreed and said that she considered it a scandal which ought not be allowed to continue and become publicly known. Having been informed that one of the Americans who met the royal party in New York might have given the impression that the Department was not happy over their visit at this time, I thought it well not let the occasion pass without mentioning our welcome and stated that I had observed a generally warm response of the American public to their visit as reflected in the press. The Queen Mother said she was greatly touched by the cordiality which they had encountered in the United States on all sides, official and private, even to the friendliness of clerks in the stores and people on the street.

⁷ W. Averell Harriman, Secretary of Commerce.

The Queen Mother inquired about Mr. Schoenfeld^a and his situation in Rumania. The King regretted that they had not had the opportunity to become really acquainted with him before their departure. I informed them of the difficult circumstances which Mr. Schoenfeld now faced and how the circle of his associations was being increasingly circumscribed. They expressed a sympathetic appreciation of his situation.

The King asked me if I thought that war was in the offing. I told him that developments in recent weeks and those immediately in prospect had caused an increased concern which he would have observed in statements of the President and Secretary. The Queen Mother indicated her serious doubt that a peaceful solution was possible. She inquired particularly about our views of the Italian situation to which I responded only in a most general way, making the excuse that I did not follow at first hand the concerns of the Italian desk.

The Queen Mother said that Premier Groza had advised her before their departure from Rumania to warn her brother to leave Greece promptly while he had the opportunity.

Michael spoke of great numbers of the Rumanian population who would join a resistance movement within the country at an appropriate time. Many of these, he said, have gone into hiding especially in the mountains, but they lack any effective organization or cohesion. He doubted that General Radescu had very substantial contact with them.

At the conclusion of the conversation, I told the King and Queen Mother that if they had any further wishes concerning their schedule of activities which we could assist in satisfying through official channels, I would be glad to facilitate the arrangements.

^a Rudolf E. Schoenfeld, Minister in Romania.

860H.00/3-3148

*Memorandum of Conversation, by Mr. Bernard C. Connelly of the
Division of Southern European Affairs*

CONFIDENTIAL

[WASHINGTON,] March 31, 1948.

Dr. Franges,¹ who is a Croat, called by appointment at his request to urge that the United States extend moral and some small financial support to Dr. Machek and also to other Eastern European peasant leaders now in exile in this country. Dr. Machek, he said, was worried over his financial situation, and a subsidy to these persons, which need not exceed \$20,000 for all, would do away with their personal

¹ Ivan Franges, wartime Chargé in Washington for the Yugoslav Government in Exile.

anxiety over this serious problem. Dr. Machek was also disturbed over the fact that so far as his supporters, both in this country and abroad, were concerned he had completely dropped from sight. At the slightest sign of United States backing or urging, Dr. Franges continued, Dr. Machek would organize an effective opposition to Tito and, in cooperation with exiled leaders of other Soviet satellite countries, to Russian aggression.

Dr. Franges referred to his own fear of a United States-Soviet compromise settlement which would divide Europe in two, and that the "Munich peace" which such an agreement would bring about would provide an opportunity for the complete extermination in the Russian-dominated countries of all persons considered "dangerous" to the Communist regimes. The opposition elements, he asserted, were largely peasants who comprised some 70 percent of the people in the Eastern European countries, and whose hatred of their Communist rulers would find expression if encouragement were given. In his view the establishment of national committees in this country, such as Hungarian, Polish, Czech, and Bulgarian, together with a Yugoslav National Committee, would, if supported materially by the United States, be the starting point for the formation of widespread and powerful underground opposition forces.

The Yugoslav National Committee Dr. Franges had in mind would be composed of Serb, Croat, and Slovene elements, the settlement of whose internal disagreements would be postponed until after the liberation of Yugoslavia from Communist domination. All the Committee's efforts would, until that date, be directed toward freeing their country. Dr. Franges said that the outstanding Croat and Slovene leaders, Dr. Machek and Dr. Krek,² are already in this country and a Serbian leader could be picked from any one of a dozen Serbian political exiles. He suggested as suitable Serb representatives Mr. Fotich, Mr. Sumenkovic (Choumenkovitch), ex-Yugoslav Ambassador to Turkey, now a permanent resident in Washington, or one of the Serbian political leaders in London. A representative committee of this nature would be able, with United States financial and moral support, to provide direction for the various now separated opposition groups, set up an effective underground, and pave the way for the liberation of the country from the Communists.

I expressed my appreciation of Dr. Franges' visit, and in reply to his question said that I would be glad to see him and hear his views when he was next in Washington.

² Miha Krek, exiled leader of the Slovene Clerical Party.

860F.00/4-2148

*Memorandum of Conversation, by Mr. Harold C. Vedeler of the
Division of Central European Affairs*

CONFIDENTIAL

[WASHINGTON,] April 21, 1948.

Participants: Dr. Fedor Hodža, former member of the Czechoslovak
Parliament and Secretary General of the Slovak
Democratic Party
EUR—Mr. Thompson ¹
CE—Mr. Beam ²
CE—Harold C. Vedeler

Dr. Hodza called after an appointment had been arranged during a visit by him to the Department on the preceding day. Mr. Thompson suggested that we would like to hear Dr. Hodza's views on what had happened in Czechoslovakia and what future developments might occur. Dr. Hodza expressed appreciation for the assistance which he had already received from representatives of the United States, and said that he and other refugee leaders were understandably more interested in the future than in what had already happened.

Mr. Thompson made it abundantly clear that, while there was much useful work to be done by those who had escaped, the establishment of any organization having the character of a government-in-exile would be out of the question. The United States continued to maintain diplomatic relations with the present Czechoslovak Government and thereby recognized it. The United States maintained such relations with all the "curtain" countries inasmuch as there were certain advantages to be derived from this policy. The most urgent activity which might be undertaken by the refugee leaders without objection by the Department would be to plan and organize relief work for the benefit of the refugees in Germany.³ We understood that plans were being laid to establish a Czechoslovak Relief Committee, presumably in New York City, which could perform the most valuable kind of function in establishing contact with Czech and Slovak-American groups in this country in order to channel aid from them to the refugees in Germany. It was essential for these various groups and the new refugees to work together and to avoid the development of irreconcilable factions.

Dr. Hodza referred to the attitude of the United States Government toward the present régime in Czechoslovakia and asked if it would

¹ Llewellyn E. Thompson, Jr., Deputy Director, Office of European Affairs.

² Jacob D. Beam, Chief, Division of Central European Affairs.

³ On March 25, 1948, Thompson and Vedeler had discussed with Juraj Slavik, the former Czechoslovak Ambassador to the United States, the situation of the Czechoslovak refugees in Germany. Vedeler's memorandum of that conversation is not printed (860F.00/3-2348).

have made a difference with respect to recognition had President Benes resigned. In reply, Mr. Thompson pointed out that the position of Benes had made it difficult for the United States to take any action with reference to the new government at Praha. The continuation of President Benes in office had given a continuity to the new government and the appearance at least of legality. If President Benes had resigned without approving the new Communist government, the decision of the United States as to recognition would probably have been guided by the outcome of the Czech case in the United Nations. The United States would have carried out its duties in this connection as a loyal member of the United Nations.

Dr. Hodza recognized that no possibility existed to form an émigré government in the United States but said that refugee leaders hoped to establish a central organization broadly representative of all shades of political opinion among the Czechoslovak people. Such an organ might serve as a rallying center for the democratic forces and, at the same time, as a coordinating agency for relief efforts throughout the world in behalf of the Czechoslovak refugees. He stressed the necessity of having a meeting in the United States of the most prominent leaders, at which plans would be formulated, the organization announced, and assignments of various leaders to certain countries made. This central organ would maintain ties with the Czechoslovak Relief Committee in London and with a comparable committee to be formed in Canada. A question was raised as to the number of persons involved in visits to the United States for the purpose of forming this organization. Dr. Hodza believed that all twenty-six former members of Parliament among the refugees, and certain other prominent political personalities, should be brought to this country, possibly as many as thirty or forty persons. Of these, ten or fifteen might then be assigned to carry on activities in other countries.

Pointing out certain difficulties with regard to the holding of such a meeting at this time, Mr. Thompson urged that either such a meeting should be held in another place, perhaps London or Paris, or that a small group, probably no larger than six persons, might come here for the present. Attention was called to two special problems: (1) The difficulty of obtaining visitors' visas for a considerable number of refugees when it was uncertain whether they would return at once to the country of departure or to a third country, and (2) the likelihood that a meeting of any large number of such refugees in New York at this time would put the United States in the position of becoming a single-handed proponent of the Czech case in the United Nations. It was emphasized to Dr. Hodza that it would take some time to form the type of organization which he had in mind. Meanwhile, it was

of the utmost importance to undertake the organization of relief activities by the group of Czechoslovak refugee leaders.

Mr. Thompson cautioned that, while we recognized the organization envisaged by Dr. Hodza might concern itself with things other than relief, it would have to be careful not to use for political purposes funds that were collected for relief. Dr. Hodza indicated that he fully understood this could not be done.

860H.001 Peter II/5-2848: Airgram

*The Secretary of State to the Legation in Switzerland*¹

SECRET

WASHINGTON, June 10, 1948.

A-143. Reference Legation's telegram no. 690 May 28, 1948² requesting information concerning the visit to the United States of ex-King Peter of Yugoslavia.

King Peter was preceded to the US by his ADC General Orlovic and his private secretary B. V. Popovic, who arrived early in April. King Peter, accompanied by Queen Alexandra and their son, arrived in New York on April 27 and a day or so later was joined by Vladeta Milicevic, ex-Royal Yugoslav Minister of the Home Office and now understood to be chief of the Immigration Office for King Peter, who flew over specially from London. King Peter is reported to have been dissatisfied with Orlovic, and to have removed him from his post.

The King announced at a press conference soon after his arrival that he was on a private visit to the US of some two months duration. While still in New York King Peter indicated that he would like to call on the President and intimated that he also wished to see the Secretary. He and his party arrived in Washington on May 16 for a week's visit and an appointment with the President was arranged for May 21. He then asked to see the Under Secretary, but Mr. Lovett's scheduled engagements did not permit him to receive King Peter during the few days he was in Washington.³ King Peter gave a reception on May 17, and during his stay was entertained at a luncheon at the Senate by Mr. Biffle,⁴ at another luncheon at the House of Representatives by Congressman Cooley of North Carolina, at a dinner by the Greek Ambassador, and at several private affairs.

Queried by reporters on leaving the White House on May 21, King

¹ Copies of this airgram were also transmitted to the Embassies in London, Paris, and Belgrade.

² Not printed.

³ On a memorandum to the Under Secretary from John Hickerson, May 17, 1948, not printed, regarding the request for an appointment by King Peter, Lovett made the following marginal notation: "I would prefer not to see Peter as it may raise problems which are better avoided." (860H.001 Peter II/5-1748)

⁴ Leslie Biffle, Secretary of the United States Senate.

Peter, according to the press, said that nothing political was discussed and that he had formed the impression that President Truman was "not pessimistic about world events or the future". The Department understands that during his conversation with President Truman King Peter referred to the Communist domination of his country and the necessity in his opinion of assistance from the US in order to liberate Yugoslavia from the Communist regime. The President is reported to have replied to the effect that the Yugoslavs should in the first instance endeavor to work for their own salvation.⁵ King Peter left with the President a letter⁶ praising the European Recovery Program as a means of combatting Communism in Western Europe and urging that ERP benefits be extended to DP's from oppressed countries, particularly the 70,000 Yugoslavs, mostly in Germany, who could furnish many skilled persons whose services would be useful in carrying out the program. This letter also suggested that consideration be given to educating the approximately two thousand students among the Yugoslav DP's whose education had been interrupted by the war. An acknowledgment⁶ of this letter has been sent by the Department to Ambassador Fotich with a statement that the King's views have been brought to the attention of officials in the Department concerned with such matters.

The Department is not informed of the substance of any conversations which King Peter may have had with Yugoslav exiles or other political refugees in this country. General Orlovic while here did not approach the Department, and King Peter's only contact with the Department was through his former Ambassador, Constantin Fotich, who also accompanied him when he called on the President.

The Department has been informed by Mr. George Radin, a naturalized American citizen of Yugoslav origin who is acting as King Peter's attorney in respect to the latter's possible claims to part of the Yugoslav frozen assets in the US, that the documents which General Orlovic brought to the US in an attempt to establish these claims were not satisfactory. Mr. Radin is now on his way to spend several months at his law office in Zurich and has stated that while in Europe he intends to obtain if possible from former members of King Peter's household satisfactory evidence to support King Peter's claims to some of the Yugoslav funds now blocked in this country. Mr. Radin referred to King Peter's interest in assisting in any way possible the thousands of Yugoslav DP's in Germany, Austria, and Italy, and added that he (Mr. Radin) intended to see what could be done to establish the claims of these Yugoslav refugees to compensation under the

⁵ The President's conversation with King Peter on May 21 was described in a memorandum prepared by Bernard C. Connolly, May 21, not printed (860H.001 Peter II/5-2148).

⁶ Not printed.

Geneva Convention for services performed while they were prisoners of war in Axis hands.

The Department's attitude toward King Peter is that he is now a private citizen. Except for his courtesy call on the President, it is believed that his contacts with US Government officials were purely social.⁷ The Department does not know of any agreements or understandings reached with him while he was in Washington. King Peter returned to New York on May 23, and his plans for the remainder of his stay in this country are unknown. His visit has received relatively little publicity in the American press, but press comment which has appeared has been favorable.

MARSHALL

⁷ According to a memorandum of July 6, 1948, from John D. Hickerson to Under Secretary Lovett, not printed, former King Peter asked, through former Yugoslav Ambassador Fotitch, for an appointment to see the Secretary of State. Fotitch was informed that aside from considerations of the pressure of other business, the Department of State felt that a meeting between Peter and Secretary Marshall would give rise to speculation which the Soviets could exploit to their advantage in attempting to heal the current rift between the U.S.S.R. and Yugoslavia (860H.001 Peter II/7-648).

871.00/6-1048

*Memorandum of Conversation, by Mr. Horace J. Nickels of the
Division of Southern European Affairs*

RESTRICTED

[WASHINGTON,] June 10, 1948.

Participants: General Nicolae Rădescu, former Prime Minister of Rumania.

Charles A. Davila, former Rumanian Minister to the United States.

V. V. Tilea, former Rumanian Minister to Great Britain.

Mr. Nickels, SE.

General Rădescu, who had come to Washington for an appointment with Mr. Armour on the following day,¹ called upon me accompanied by Messrs. Davila and Tilea. Pursuant to instructions to express to all the principal Rumanian exiles, as occasion afforded, the general attitude of the Department concerning its relations with them and the Department's reaction to their divisive activities, I took the opportunity to explain our position to this group.

I told Rădescu, Davila and Tilea that, in arranging the requested appointment on the next day with Mr. Armour for four Rumanian

¹ Telegram 1032, July 23, to Bern, not printed, stated that the Department had no record of Assistant Secretary Armour's conversation with Romanian exiles on June 11. It was believed that Armour had discussed the rumored incorporation of Romania into the Soviet Union but had not spoken of the divisive activities of the Romanian exiles (871.001 Mihai/7-2148).

exiles to discuss a matter of importance affecting Rumania, we had been especially pleased to note that, although these four Rumanians were coming as individuals, the group had a character representative of various elements among the exiles of that country. We hoped that this was a good omen.

I said that we had been disturbed for some time by reports of the discord among the Rumanian exiles and of maneuvers by some of them against others. I reiterated that our policy had been to treat impartially all of the Rumanian exiles who were favorably known to us; but this discord had become a matter of increasing concern and, on occasion such as the visit of King Michael, of embarrassment to us. With special reference to that visit, I remarked that luckily this state of affairs had not yet come to public attention, as it might unfortunately if it persisted.

I stated that it has appeared to us that the Rumanian exiles would be well advised, and we certainly would welcome it, if they would compose their differences on as broad and comprehensive a basis as possible and work together without exclusions based upon personal animosities or the antipathy of some political segment of the Rumanian opposition-in-exile.

I voiced our feeling that, in the light of the tragic situation in which Rumania finds herself, the Rumanian exiles might better devote their energies and abilities to concerns of greater consequence than efforts to obtain personal or partisan advantage and to more constructive purpose than that of exploiting the differences among themselves.

I said that we had not wished to express any opinion as regards the question of whether or not a Rumanian National Committee should or should not be formed by the Rumanian exiles. But whether or not such a committee were formed, I said that we felt the Rumanians should put an end to their feuds and devote themselves to more significant activities. I said that, in general, we welcome activities of the Rumanian exiles on behalf of an independent and democratic Rumania, with a regime based upon law rather than upon arbitrary authority, with the possibility for its peoples freely to elect a broadly representative government, responsive to their will. We would be happy to have the Rumanian exiles who are here as visitors or residents engaging in any such activities as are consonant with our laws and with the general principles of our foreign policy.

I explained, however, that it is not our intention to show favoritism as between groups of the Rumanian exiles. I said that, in fact, I thought our relations with all of them would be easier and afford more of mutual advantage if we were not confronted by these factional discords.

Mr. Davila inquired whether this meant by implication that, if the Rumanians were to compose their differences, greater opportunities would be available to them for their appropriate activities.

I replied that I believed this would be so. For example, I said there might be a greater possibility for reciprocity with us in relation to the Voice of America if preference for one group of Rumanians as over against another could be obviated.

We understand, I said, that some of the Rumanians have maintained that the control of activities on behalf of Rumania by the opposition-in-exile should be absolutely in the hands of representatives of certain traditional parties. We understand further that some who are so-minded are interpreting our position in relation to the Moscow Conference of 1945² and the references to these parties in some of our notes to the present Rumanian Government as evidence of an exclusive commitment by us to those parties.

I said that, in view of this, it seemed desirable to make our position in this regard clear to all concerned. We had, indeed, viewed very sympathetically the National Peasant Party, the National Liberal Party and Petrescu's Social Democratic Party in their deprivation from a rightful participation in Rumanian political life after the war. This did not mean, however, that we regard our policy as tied exclusively or perpetually to these parties or to particular groups in control of these parties at any given time or to those claiming to be the "true" heirs of such controlling groups. So far as we were concerned, it appeared that, when the Rumanian peoples might be in position to participate freely in political activities, they would and should determine what party formations they would support at that time.

I expressed the opinion that whether Maniu survived or not he would remain a respected figure and very likely a political hero. I said I presumed that, considering its economy and the nature of its population, some sort of Peasant Party would exist in a Rumania of the future; but whether it would correspond to the old National Peasant Party could not be foreseen. Whether the other traditional parties would survive or, if so, whether they would be patterned on former lines was speculative; but as I had said, from our point of view, these matters should be left to the Rumanian people to decide. And I remarked that it seems to us highly unrealistic, in the present circumstances, that certain elements should be insisting that the absolute control and veto over the work of the Rumanian exiles for the welfare of their country should be in the hands of some individuals or groups claiming to be the true and only proper representatives of the parties of the past. This contention seems to us especially unrealistic when it is carried to the point of exclusion and personal attacks on some whose

² For documentation on the Moscow Conference of Foreign Ministers held in Moscow in December 1945, see *Foreign Relations*, 1945, vol. II, pp. 560 ff.

special abilities and energies might be profitably employed to constructive ends.

With the reservation that obviously I could not in any way speak for Michael or the Queen Mother, I said that I gained the impression that the discord of the exiles was a source of embarrassment to them and that they would wish to see it resolved and this, I said, we also would welcome.

[The remainder of the conversation was largely given over to a review by General Rădescu of his efforts since his escape from Romania in 1946 to organize a united Romanian group abroad.]

840.00/5-2648

Memorandum of Conversation, by the Assistant Chief of the Division of Eastern European Affairs (Elbrick)

[WASHINGTON,] June 11, 1948.

Participants: Mr. Stanislaw Mikolajczyk¹
 Mr. Zaleski, Secretary to Mr. Mikolajczyk
 EE—C. Burke Elbrick

I told Mikolajczyk that the telegram which he and other officers of the newly-formed International Peasant Union had sent to President Truman² had been referred to the State Department. I said that I knew he would understand that it is premature for the President or

¹ Former Polish Vice Premier (1945-1947) and exile leader of the Polish Peasant Party; President of the International Peasant Union.

² The telegram under reference, dated May 26, 1948, read as follows:

"The annual conference of the International Peasant Union considers it a pleasant duty to express its gratitude to the Government of the United States and through it to the American people for the shelter and moral support that are being given to us.

"The country of Washington, Jefferson and Lincoln, and of their democratic and freedom loving traditions is today the hope of all men and nations oppressed by the international Communist conspiracy who believe that it will not abandon them but will continue bravely the fight for peace based on human justice until their liberation has been attained.

"Valuing the efforts of the United States for a true and durable peace as well as for international understanding and collaboration through the United Nations on the basis of the Atlantic Charter, the Charter of the United Nations, and the Four Freedoms proclaimed by President Roosevelt, we take this opportunity to assure you of our most loyal cooperation in these efforts. We are fully aware of the difficulty of the task that confronts the International Peasant Union and are confident that by performing it we shall be able to contribute to these efforts."

"President Stanislaw Mikolajczyk, Vice Presidents Vladko Macek, Ferenc Nagy, Milan Gavrilovic, Grigore Buzesti, Secretary General George M. Dimitrov."

The officers of the International Peasant Union were all exiled leaders of various eastern European peasant parties: Maček—Croatian Peasant Party, Nagy—Hungarian Smallholders Party, Gavrilovic—Serbian Agrarian Party, Buzesti—Romanian Peasant Party, Dimitrov—Bulgarian Agrarian Union.

the Government to make an official reply to this telegram and thus to give official recognition to the Peasant Union, but that we wished him to know that this Government welcomes the broad objectives which we understand have been adopted by the Peasant Union and the sentiments which were expressed in their telegram to the President. I said that we wish to take this way of acknowledging the receipt of the telegram and of thanking the officers of the Peasant Union.

I asked Mikolajczyk whether the Union had yet adopted a constitution or a definite program and whether it considered that the roster of membership was now complete. He said that the organization had formulated its by-laws, and that the drafting of the actual program, or constitution, would be completed within the next few days. He said that he would send me a copy of the constitution at that time. As for the membership, he said that the officers are now studying the applications of Lithuanian, Estonian, Ukrainian, Czech, and Slovak agrarian groups. In the case of the Lithuanians, he said that there is some division of opinion among the Lithuanians themselves, and that the decision regarding their application for membership would be withheld until such differences shall have been composed. As for the Estonians, he said that there would be no difficulty regarding their admission to membership, but he added that at present the representatives of the Estonian Agrarian Party are all in Stockholm. He said that it was improbable that any Ukrainians would be admitted to the Union because of the fact that there are so many Ukrainian factions and their status is difficult to determine.

The case of the Czech agrarians, he said, is complicated by the fact that the pre-war Agrarian Party was not reconstituted in Czechoslovakia after the war. In addition, he said that the leaders of the Czech Agrarian Party had been accused of collaboration with the Germans. He hurriedly went on to say that the Hungarians were the opponents of Czech agrarian participation in the Peasant Union and did not wish to recognize Cerny, who is now in Germany, as the representative of the Czech Agrarian Party. Mikolajczyk felt, however, that eventually this question would be settled and the Czechs admitted to membership. The Slovaks, he said, preserve their identity as a party in the new Slovak Democratic Party, and there seems to be no opposition to the admission of their representative to the Peasant Union.

I remarked to Mikolajczyk that possibly no one appreciated more than he the importance of bringing as many elements as possible into the Peasant Union. Mikolajczyk said that he was fully aware of the importance of this aspect of the matter and he sincerely hoped and believed, with respect to the Czech representatives, that favorable action would be taken shortly on their application for admission. In

reply to my inquiry, he went on to say that there had possibly been some doubt as to the validity of Buzesti's claim to represent Maniu³ and the Rumanian Agrarian Party, but that this matter had now been clarified by the arrival in this country of the "real representative" of Maniu who would take Buzesti's place as an officer of the Union. He could not, however, remember the name of the new Rumanian representative.

C. BURKE ELBRICK

³ Iuliu Maniu, leader of the Romanian National Peasant Party; in October 1947 sentenced to life imprisonment for alleged conspiracy against the Romanian state.

860C.00/6-2548

Memorandum of Conversation, by the Assistant Chief of the Division of Eastern European Affairs (Elbrick)

[WASHINGTON,] June 25, 1948.

Lord Jellicoe¹ called at my request to discuss the status of the Polish Exile Government in London and of other Polish national groups outside Poland. I told him that the Department is anxious to see a unification of Polish thought among Polish exiles and that it had frequently expressed this thought to exile leaders and notably to Mr. Mikolajczyk. I said that this Government had made no definite plans for employing the services of such Poles but that it was not inconceivable that they could at some future date prove very useful. I said I believed that Mr. Stevens² had touched upon this matter in a previous conversation with him. It is our firm belief that the various Polish anti-Communist groups, particularly the London group and Mikolajczyk and his followers, should come to some agreement in principle regarding this question; that this Government is not particularly interested in the form which such collaboration may take; and that it is not interested in favoring any one Polish group over another.

I said that recent reports gave us reason to believe that the British Government's views on this subject³ may not conform to our own and

¹ Second Secretary of the British Embassy in Washington.

² Francis Stevens, Acting Chief, Division of Eastern European Affairs.

³ Airgram 1313, June 22, from London, not printed, reported that the Embassy in London had been informed that the British Foreign Office would make every effort to dissuade Mikolajczyk from joining forces with the London Polish Government in Exile. The British feared that a strengthening of the Polish Government in Exile in London, accompanied by probable financial support from the United States, would make more difficult the resettlement or assimilation of displaced Poles residing in the United Kingdom and, in addition, might complicate British relations with the Polish Government in Warsaw (860C.00/6-2248). Telegram 2382, June 24, to Warsaw, not printed, replied that there was no indication that Mikolajczyk was willing to compromise with Polish exiles in the United Kingdom or accept any subordinate position in a possible new Polish National Committee (860C.00/6-2448).

that we felt that it was definitely to the interest of both countries to reconcile these views, if possible. Otherwise, we might find ourselves working at cross purposes which would result in undermining and weakening our individual efforts. I said that we thought it very desirable at this point to express our views and to obtain from him an expression of the British Government's views in return.

Lord Jellicoe said that he would be glad to report this conversation to the British Foreign Office for its information and that he would inform us promptly of its reaction. He asked if we had formulated any program for making use of the Polish exile groups and I told him that we had not. I told him that this whole matter was in a preliminary stage at the moment and that it seemed only logical, in the event that a definite use may be found for them in the future, that their value would be enhanced if they were unified politically and not divided on relatively minor issues.

C. BURKE ELBRICK

860F.00/6-2248 : Airgram

The Secretary of State to the Embassy in the United Kingdom

CONFIDENTIAL

WASHINGTON, July 12, 1948.

A-558. Reference is made to the Embassy's airgram No. 1311 dated June 22, 1948¹ concerning the Department's position towards any political committee or government-in-exile which may be envisaged by the Czechoslovak refugee leaders. This general subject has been discussed by representatives of the Department at several meetings with Dr. Juraj Slavik, former Czechoslovak Ambassador to the United States, Dr. Stefan Osusky, former Czechoslovak Minister to England and France, Dr. Fedor Hodza, former Member of the Czechoslovak Parliament and Secretary-General of the Slovak Democratic Party, and others.

In this connection a memorandum of the Political Representatives of Czechoslovak Democracy was formally presented by Dr. Osusky to the Department on June 25 with a view to learning whether there was any objection to informing the press of its submission to the Department and to releasing the text of the statement. The memorandum was prepared by Dr. Osusky, Dr. Slavik, Dr. Papanek, and other Czechoslovak democratic leaders in this country in consultation with those abroad. It states their legal and political position towards the present regime in Czechoslovakia, which is considered an unlaw-

¹ Not printed; it reported that the British Foreign Office had discouraged Czechoslovak political refugees in the United Kingdom from attempting to form any "government-in-exile" and was interested in the Department of State's position on the question (860F.00/6-2248).

fully established totalitarian Communist dictatorship. The statement informs the United States Government of their determination to work for the restoration of law and a democratic order in Czechoslovakia, and expresses the hope that the United States will view with sympathy their plans to assist the Czechoslovak refugees and to further the cause of democracy in Czechoslovakia.²

Dr. Osusky was informed that no objection was seen to his proposals for publicizing the memorandum and that after the text of the statement was released it would be used by the Voice of America as in the case of a number of other statements of the Czechoslovak refugee leaders. It was also indicated to Dr. Osusky that efforts of his group were regarded with sympathetic interest so long as the activities and organization of the refugee leaders did not approach the character of a government-in-exile.

The Department has learned from this conversation with Dr. Osusky and from other meetings with these leaders that they plan to establish an organization, possibly under the name of the Czechoslovak Committee, which would have its headquarters in the United States with branches or participating groups in other countries where the refugees are chiefly located. It has been stressed in these discussions that their activities or organization must not prove a source of embarrassment to the Department in the relations of this Government with that of Czechoslovakia.

MARSHALL

² The memorandum summarized here was subsequently published in the *New York Times* on June 30, 1948. Osusky had made the memorandum public the previous day during a press conference in New York.

811.42700(R)/7-1648: Circular telegram

*The Secretary of State to Certain Diplomatic Missions*¹

CONFIDENTIAL

WASHINGTON, July 16, 1948—3 p.m.

Considerable thought has been given to question whether political refugees in U.S. from Iron Curtain countries should be used over VOUSA broadcasts to those countries. General belief is that refugees should not be used except in very unusual circumstances, due to resentment often felt against refugees by people remaining in their own country. Moreover, refugees are sometimes involved in political disputes, and our use of such refugees may be construed as partisan.

On other hand, if a refugee is highly regarded at home, his voice may carry conviction and impress listeners that they have not been forgotten and that active efforts are continuing on their behalf abroad.

¹ This telegram was sent to the missions in Praha, Warsaw, Budapest, Bucharest, Belgrade, Sofia, and Moscow.

Dept would appreciate your views on this question and your specific recommendations concerning use of any prominent refugees from country to which you are accredited.

MARSHALL

811.42700 (R) / 7-2248 : Telegram

The Ambassador in the Soviet Union (Smith) to the Secretary of State

CONFIDENTIAL

Moscow, July 22, 1948—6 p. m.

1390. In my opinion Soviet or other political refugees from Iron Curtain countries should not be used on VOUSA broadcasts to USSR (Deptcirtel July 16, 3 p. m.).¹

Trotsky was probably only prominent political refugee in Soviet history and since his death there have not been nor are there any Soviet refugees or turncoats who have any standing or reputation throughout Soviet Union. Circumstances in USSR are different from other Iron Curtain countries particularly in that for some 30 years no political party except Communist Party has existed nor have any organizations been permitted which were not dominated and led by Communist Party. Moreover no political personality in Soviet history has been allowed to develop a personal following save Lenin, Stalin and possibly Trotsky whose fate is eloquent testimony for those who might have the temerity to entertain such illusions. The 15 members of politburo are the only political personalities known on nation-wide basis and number of these who have any stature of influence may be counted on fingers of one hand—all over-shadowed and submerged by the deification of Stalin.

Under present circumstances use of any Soviet refugee on VOUSA would not only be ineffectual but would undoubtedly excite resentment and ridicule against our broadcasts. While there may be few refugees having some influence and reputation in local regions of USSR, particularly Ukraine and Baltic states, their use on VOUSA broadcasts could only have same end result. They should be reserved for possible future use.

SMITH

¹ *Supra*. All the other missions in eastern European capitals agreed with the Departmental policy described in the reference telegram. The Embassy in Praha was willing to concur in the "discreet" use of political refugees for broadcasts to Czechoslovakia. The Legation in Bucharest, on the other hand, questioned the use of any Romanian political refugee for broadcasting purposes.

860F.00/7-1248 : Telegram

The Secretary of State to the Embassy in the United Kingdom

SECRET

WASHINGTON, July 27, 1948—noon.

2949. Brit Emb has inquired concerning US policy towards Zecho in light of broadcast of Osusky memo¹ by Voice on June 30. FonOff desired to coordinate policy with US and France with regard to possible formation Zecho Govt-in-exile by refugee groups and effect such action would have on current policy of maintaining diplomatic relations with present Zecho Govt.

Summary of airgram 558 July 12 given to Brit Emb emphasizing Dept had neither approved nor disapproved Osusky memo and that press statement made by Osusky at time of distribution of memo did not accurately reflect Dept's position. Assurances were given that no approval would be given to formation of Govt-in-exile as long as diplomatic relations were maintained with Zecho Govt. Dept not aware of any impending move by refugees to form Govt.

Zecho Emb in note July 12² protested broadcast of Osusky memo by Voice on grounds that facilities of official agency of US Govt were made available to private Zecho citizens for "flagrantly inimical activity". Reply³ states general position outlined above but points out US will not curb freedom of expression and reminds Czechs that articles hostile to US are published in official Zecho press.

MARSHALL

¹ Regarding the Osusky memorandum under reference here, see paragraph 2 of airgram A-558, July 12, to London, p. 424. In a conversation with Francis T. Williamson, Assistant Chief of the Division of Central European Affairs, on July 16, Earl Jellicoe, Second Secretary of the British Embassy, explained that it was the general view of the British Foreign Office that no government-in-exile should be formed and that the governments of the western countries should continue to maintain diplomatic relations with the current Czechoslovak Government. (860F.00/7-1648)

² Not printed.

³ The reply to the Czechoslovak Ambassador, dated July 27, 1948, is not printed.

874.00/8-1148

Memorandum of Conversation, by Roy M. Melbourne of the Division of Southern European Affairs

SECRET

[WASHINGTON,] August 11, 1948.

Participants: Dr. G. M. Dimitrov
Mr. Barbour, Chief, SE
Mr. Melbourne, SE

Dr. Dimitrov called on August 11, by appointment made at his request. At the outset he asked aid for the Bulgarian group now held in Turkey in connection with the shooting aboard the plane in which they escaped from their country. Since he knows Turkish officials here,

Dr. Dimitrov suggested he take up the subject with them and in response to his inquiry was informed we saw no objection.

Dr. Dimitrov then discussed the general position of Bulgarian political refugees and expressed the hope that, with reference to US displaced persons legislation, they would be placed in that category. Mr. Barbour replied that regulations on the matter were understood to be in process of drafting, and concurred in the hope that at least some Bulgarian refugees would be able to qualify thereunder.

Turning to political matters, Dr. Dimitrov inquired whether there was any indication of the United States "becoming more politically active" upon Bulgarian affairs. He was informed that the Department at present envisaged no departure from its known policy of offering moral encouragement to the Bulgarian people. To this Dr. Dimitrov replied that he was most interested on the point since the Bulgarian émigrés were taking steps to form a Bulgarian National ("All-Peoples") Committee to secure the cooperation of every Bulgarian democratic group, even those with very slight influence in Bulgaria. It was impossible, however, to use certain groups since some by their shady past would compromise the movement. Certain refugee members of Zveno, Dr. Dimitrov said, would be acceptable and he would also cooperate with, although not seek actual membership for, a Macedonian democratic movement but not IMRO. The Committee could not work with Tsankov,¹ in view of his Axis record, and Velchev² (Zveno) was a thorny problem. Opinions were sought of Mr. Barbour upon these groups and assorted politicians, to which Mr. Barbour replied that his opinions would not help greatly; that party labels now were unrealistic; that, after all, the Bulgarian people would decide eventually upon the merits of those concerned; but that the standard should be to work with all those persons and groups who have as their basic objective the attainment of genuine democracy. Dr. Dimitrov concurred.

In elaborating Free Bulgaria's intentions Dr. Dimitrov asserted that it was not plagued with internal dissensions as were some other national committees, and that their tactics were unique in contrast with any other national group of like aims. They have secretly formed the fountainhead of the committee organization *within* Bulgaria and now have the mandate from it to get those from *outside* into a national committee. Dr. Dimitrov illustrated the extent of its development within Bulgaria by stating that it was now even possible that certain Zveno members might be admitted into the secret committee organization.

¹ Alexander Tsankov, exiled Bulgarian nationalist leader; Bulgarian Premier, 1923-1925; leader of a German puppet Bulgarian government-in-exile in 1944.

² General Damian Velchev, Bulgarian Minister of War, 1944-1946; leader in exile of the Bulgarian "Zveno" political group.

860F.00/8-1348: Airgram

The Secretary of State to the Embassy in the United Kingdom

CONFIDENTIAL

WASHINGTON, September 2, 1948.

A-730. The Department of State appreciates the information and the views concerning the organization of Czechoslovak refugees which were expressed by Mr. Patrick Hancock of the Northern Department of the Foreign Office (Emb Airgram A-1615, Aug. 20).¹ In further discussions on this subject it is hoped that the views of the Department as expressed in Airgram 558 of July 12, 1948,² will be reiterated and assurances given that the Department does not intend at this time to recognize the Czechoslovak refugee organization in the United States as a government-in-exile.

As the Embassy is aware, the Council of Free Czechoslovakia has been formed in the United States³ and its views made known in a memorandum published in the press.⁴ The Department is informed that the Council has been formed as a temporary organization pending the arrival in the United States of Dr. Petr Zenkl⁵ and other Czechoslovak political refugees now in various Western European countries. The primary aim of the Council is to provide continuous financial assistance to political refugees from Czechoslovakia. The Department recognizes, however, the possible use which can be made of this group both in acquiring information from contacts still remaining in Czechoslovakia and in keeping alive the democratic traditions of that country. Consequently, use will be made of this group in our information program in Czechoslovakia and in the acquisition of intelligence material.

The Department is fully aware of Dr. Osusky's previous political activities and the position which he occupies in relation to the pro-Benes group within the refugee organization. No particular encouragement has been given to Dr. Osusky other than hearing his plans for the future work of the Council. In order to ascertain the potential difficulties which may arise within the group as a result of Dr.

¹ Not printed. It reported that Hancock expressed the opinion that the value of a government-in-exile, should there be conflict with the Soviet Union, would be extremely limited and not worth the difficulties and complications which it might cause in the meantime. Hancock also reported that the British Foreign Office somewhat "frowned" on Osusky as an extreme right-wing individual and anti-Benes in his point of view (860F.00/8-1348).

² *Ante*, p. 424.

³ Prominent exile Czechoslovak political personalities meeting in New York on July 18, 1948, announced the decision to form a Council of Free Czechoslovakia to be located in Washington. The Council was not to be a government-in-exile but an organization to provide relief for Czechoslovak political refugees and to bring about the restoration of democracy in Czechoslovakia.

⁴ Presumably the reference here is to the Osusky memorandum described in airgram A-558, July 12, to London.

⁵ Former Czechoslovak Deputy Prime Minister.

Osusky's political position, a study is now being prepared of the various forces which operate within the Council as well as the possibility of a split which might occur as a result of sentiment against Dr. Osusky. The information contained in this study will be communicated to the Embassy.

At the present time the membership in the Council is predominantly Slovak. Members of the Council have pointed this fact out repeatedly to the Department and have urged that prominent Czech politicians be brought to this country in order to provide a well-rounded organization. With the arrival of Dr. Zenkl and possibly Dr. Ripka, as well as others whose visa cases are now pending in the Embassy, the Department understands that the Council will reconsider its organization and its program and make plans for future political activity. At that time the Embassy will be requested to ascertain further the views of the Foreign Office and an effort will be made to adopt a uniform policy with relation to refugee groups, both in the United States and in the United Kingdom.

MARSHALL

701.60P11/9-848

*Memorandum by the Director of the Office of European Affairs
(Hickerson) to the Under Secretary of State (Lovett)*

[WASHINGTON,] September 8, 1948.

Subject: Possible Appointment of New Latvian Minister

DISCUSSION

The Latvian Minister, Dr. Alfred Bilmanis, who had represented the independent Latvian Government in Washington for approximately 13 years, died on July 28, 1948.

Just prior to the invasion of Latvia by the Soviet Union in 1940, the Latvian Government issued extraordinary powers to its minister in London, Mr. Charles Zarine, by which he was delegated to carry out certain political and administrative functions normally executed by the Chief of State and Cabinet of Ministers. It is understood that Mr. Zarine is now considering the appointment of a successor to Dr. Bilmanis who will be selected from among former Latvian diplomats now residing in unofficial or semi-official capacity in Europe. Meanwhile, Mr. Anatol Dinbergs, Attaché of the Latvian Legation, is acting as Chargé d'Affaires. Mr. Zarine has informally asked the American Embassy in London for our views on the problem of Latvian representation in the United States.

The extraordinary powers given to Minister Zarine, issued at Riga on May 18, 1940, give him the right *inter alia*:

- a. to defend to his best ability Latvia's interest in all countries,
- b. for this purpose to give binding orders to all Latvian missions,
- c. to control all funds and moveable and immoveable property at the disposal of certain missions,
- d. temporarily (presumably until the re-establishment of an independent Latvian Government) to recall envoys from their posts and to discharge and transfer all other employees of the said missions,
- e. to liquidate missions with the exception of the Legation in the United States of America.

Although the above powers may be interpreted as giving to Mr. Zarine the authority to appoint a successor to Dr. Bilmanis, the powers do not appear to be broad enough to warrant the appointment of an envoy extraordinary and minister plenipotentiary. In any event such an appointment would not be in accordance with Latvian law which provides that a minister be appointed by the head of the state with the advice and consent of the Latvian Senate. The lack of a Latvian government-in-exile would preclude issuance of the necessary letters of credence to a minister-appointee.

This Government has refused to recognize the incorporation of the Baltic States into the Soviet Union, and its policy is to continue to accord recognition to the duly accredited representatives of the former independent Baltic Governments. For the purpose of assisting the Baltic missions to maintain their establishments in this hemisphere, the Department for some years has arranged with the Treasury to unblock Baltic Government funds on an annual basis for this purpose.

RECOMMENDATION

It is our policy to continue to accord recognition to representatives of the independent Baltic States in this country. It is recommended, therefore, that the Department raise no objections in principle to the appointment by Minister Zarine of a successor to Dr. Bilmanis but that our Embassy in London be instructed to suggest to Minister Zarine that the official rank of the appointee be limited to that of a Chargé d'Affaires.¹

¹The recommendation was approved by Under Secretary Lovett. Instructions along the lines recommended here were sent to the Embassy in London in instruction 412, October 5, 1948, not printed (701.60P11/10-548).

871.00/10-848 : Airgram

The Acting Secretary of State to the Legation in Switzerland

CONFIDENTIAL

WASHINGTON, October 21, 1948.

A-268. The continuing quarrels of the Rumanian political exiles found new pretexts in the Gafencu-Coste memorandum (urtel 1326,

Oct 8).¹ The rancorous quibbling appears to be essentially on a plane of personalities rationalized as principles.

In the circumstances, on October 19 the Department informally communicated to General Radescu through his secretary the following:

"Some erroneous impressions of the Department's position with respect to the Rumanian political exiles seem to exist. We do not suggest that the Department's views in this regard have been consciously misinterpreted by persons to whom they have been expressed.

"As has been emphasized previously to all concerned, the US Government is not sponsoring any individual Rumanian exiles for membership in a proposed Rumanian committee or otherwise.

"It is felt that the Department's views concerning the activities of the Rumanian exiles in the US and the proposed formation by them of a cooperative enterprise on behalf of Rumania, consistent with US objectives for a free and democratic world, have been expressed with sufficient clarity to all who are interested and it is our impression that these views have been understood by General Radescu.

"The continuance of the discord among the Rumanian exiles with particular reference to the proposed cooperative undertaking is regarded by the Department as prejudicial to the objectives which it would be designed to serve. If within the near future these regrettable dissensions are not composed in the interest of a constructive contribution to the principal objectives, the Department may be obliged to reassess its position regarding the feasibility and utility of such an enterprise."

In your discretion, you may inform Michael or his Aide of the foregoing. Substantially the same views have been conveyed to Messrs. Niculescu-Buzesti, Cretzianu and Davila in the course of recent conversations at the Department.

We have learned by informal transmission from General Radescu that he contemplates making within the near future a new effort, suggesting organization of a comprehensive "union" of such exiles as are prepared to participate, and that he has Michael's sanction for making such an effort, the latter having reserved his position for the time being on the formation of a Rumanian national committee.

LOVETT

¹ The telegram under reference is not printed. In late July 1948, General Radescu issued membership invitations to sixteen Romanian exile leaders to join a proposed Romanian National Committee. Prior to the issuance of the invitation, Radescu was informed that although the Department of State did not wish to advise him as to whether or not such a Romanian National Committee should be formed, his proposal as earlier outlined to the Department was agreeable. Radescu's proposal encountered various objections from other Romanian exiles, and the Committee was not convened. On September 3, 1948, former Romanian Foreign Minister Grigore Gafencu and former Romanian Chargé in Washington Brutus Coste called on Mr. Nickels of the Division of Southern European Affairs and had a long discussion regarding the Department's views with respect to the Romanian exile movement. Gafencu and Coste prepared a transcript of the conversation which was submitted in draft to the Department. A copy of that transcript is included in file 871.00/10-1448.

860F.00/10-1948: Telegram

The Acting Secretary of State to the United States Delegation to the United Nations, at Paris

SECRET

WASHINGTON, October 25, 1948—1 p. m.

Gadel 297. For Raynor.¹ Discussions held with Zenkl and Slavik ur 408 Oct 19 on plans refugee movement.² Preliminary organization formed by group US for Council Free Czechoslovakia. Proposals submitted refugee groups London and Paris for approval. Plan calls for general council political refugees with Executive Committee in US and subsidiary groups London and Paris.

While emphasizing need organize refugees for relief purposes and assistance info program Zecho Dept indicated sympathetic view political activities provided: (1) no govt-in-exile established while US maintains diplomatic relations present Zecho Govt; (2) refugee organization achieves to maximum possible unity of pol groups; (3) organization broadly representative of various democratic elements at home. Unsuccessful efforts made obtain from Zenkl list refugees European centers for admission US participate in work. Presence Ripka and particularly Slovaks in ur 408 highly desirable, but no agreed list desired for admission recd yet from refugee organization. Zenkl also informed some representation necessary for Agrarians and Social Democratic group in London as well as organizations in US zone Germany. No action taken by Dept yet indicate desirability Ripka's visit and wider Slovak representation as initiative should come from Zecho group.

Apart from initial organizational steps already taken, present activities group concerned with party politics and efforts obtain ascendancy for particular political groups. Several refugees have attempted to utilize contacts with Dept secure better position in refugee organization. This situation will be clarified soon as definite organization agreed.

Views of Dept of necessity of maximum unity will be communicated leaders if further delay in obtaining agreed list representatives.

LOVETT

¹ G. Hayden Raynor, Special Assistant to the Director, Office of European Affairs, was serving as an adviser to the United States Delegation at the Third Session of the United Nations General Assembly which opened at Paris on September 21, 1948.

² During October 1948, officers of the Department of State held a number of conversations with Dr. Zenkl, former Ambassador Slavik, and other Czechoslovak exile leaders regarding plans for a refugee organization. Memoranda of those conversations are included in file 860F.00. The telegram under reference here, not printed, asked for the Department's views regarding such an organization (860F.00/10-1948).

860F.01/12-148 : Airgram

*The Acting Secretary of State to the Embassy in Peru*¹

CONFIDENTIAL

WASHINGTON, December 1, 1948.

A-436. The Department has received information, in connection with the efforts of various Slovaks to establish a "Government in Exile", that Slovaks have been negotiating with the Governments of the Dominican Republic and Peru with a view to the possible recognition by those Governments of a "Slovak Government in Exile".

Please take advantage of the first appropriate opportunity you may have to ascertain whether Slovaks actually have been negotiating with the Government of Peru and, if this is true, endeavor to persuade, informally and orally, the Peruvian Minister of Foreign Affairs that it would be inadvisable to give any serious consideration to the recognition of a "Slovak Government in Exile". This Government has given no encouragement to any Slovak groups in the United States advocating the establishment of a "Slovak Government in Exile" because: (1) There is no historic basis for the existence of such a state, except the Nazi-created state which existed from 1939 to 1945 and which did not appear to possess the economic and political bases of an independent state; (2) certain of the Slovaks who now desire to establish a "Slovak Government in Exile" are included in the United Nation's list of war criminals and they are, moreover, known to be extreme rightists; (3) even the Slovak political exiles and refugees from the present Communist-dominated Czechoslovakian State do not desire the establishment of a separate "Slovak Government in Exile" but consider that their efforts to promote eventual restoration of a free government of Czechoslovakia would be embarrassed and confused by any support given to a "Slovak Government in Exile"; (4) this Government continues to have diplomatic relations with the present Czechoslovakian Government so that it would be patently inconsistent for the United States Government to give any encouragement to a "government in exile" which would claim sovereignty over a part of the same territory; and (5) it has been the view of this Government, in general, that the instrumentality of "governments in exile" would probably not be advisable in the present circumstances in Eastern and Central Europe, toward promoting the eventual restoration of freedom in that area.

LOVETT

¹ An identical airgram was sent to the Embassy in the Dominican Republic on November 17, 1948. The Peruvian Foreign Ministry informed the Embassy that the Peruvian Government would not consider entering into relations either with the current Czechoslovak Government or with a Slovak Government in exile. The Embassy in Ciudad Trujillo reported that the Dominican Government had not been approached by any Slovak group.

864.00/10-2648: Telegram

*The Acting Secretary of State to the Office of the United States
Political Adviser in Heidelberg*

SECRET

WASHINGTON, December 17, 1948—6 p. m.

248. Dept has no knowledge formation "Hung exile Gov" (ur 384 Oct 26 and 411 Dec 16¹) although fully acquainted Hung National Committee formed July-Aug this year by former PM Ferenc Nagy, former Pres National Assembly Bela Varga, former leader Social Dems Karoly Peyer, and other prominent Hung refugees. Formation Comm publicly known and has been referred to in press various occasions.

When informed of proposed formation Comm by Hung exiles, Dept made clear informally (1) would welcome any development conducive unity democratic Hung exile elements and designed assist relief problems, encourage morale and passive resistance Hung people against Communism, and maintain intelligence channels and intellectual bonds within community democratic Hung political refugees but (2) would not in existing circumstances view with favor any activity by Hung political émigrés looking toward estab Gov-in-exile.

Available background material re Hung National Comm being assembled and will be forwarded for info USPolad and Leg Budapest soonest.

• Sent Heidelberg 248 rptd Budapest 1195.

LOVETT

¹ Neither printed.

CIVIL AVIATION POLICY OF THE UNITED STATES TOWARD THE SOVIET UNION AND EASTERN EUROPE

Editorial Note

Under cover of a circular instruction of January 12, 1948, sent to 29 United States missions in Europe, the Middle East, and Asia, the Secretary of State transmitted for their information and guidance a Department of State memorandum of December 3, 1947, with attachments, none printed, recommending an interim civil aviation policy vis-à-vis the Soviet Union and the satellite countries of Eastern Europe. The interim policy would constitute an "important modification" of the existing policy, which had been worked out in a series of conferences in late 1946 between high-level officials of the Department of State, Department of Commerce, and Civil Aeronautics Board; had been formally adopted in March 1947 by the Air Coordinating Committee (the inter-departmental committee responsible for developing policies in the aviation field); and had been restated in a Department of State policy paper of July 18, 1947. The July paper called for continuance of American efforts to conclude bilateral air transport agreements with the Eastern European countries despite the unwillingness of the Soviet Union to conclude an air agreement with the United States. The December memorandum stated that an interim civil aviation policy had been developed in the Department of State which conformed to the views of the Joint Chiefs of Staff and was to the general effect that the advantages of operating civil air routes into and through the Eastern European satellite countries were insufficient to warrant the time, effort, and money necessary to complete arrangements and actually operate the routes, particularly if no progress were thereby made to obtain access to the Soviet Union. (711.4027/1-1248)

United States civil aviation policy toward Eastern Europe and the Soviet Union in the post-war period and the interim aviation policy prepared in late 1947 are reviewed in the Report of the Conference on the Implementation of the Treaties of Peace, Rome, June 14-21, 1948, p. 448, and in document NSC 15/1, July 12, p. 451.

711.4027/1-2048 Telegram

The Secretary of State to the Embassy in the United Kingdom

SECRET URGENT

WASHINGTON, January 20, 1948—6 p. m.

194. Re teletype conference Jan 20¹ Dept hopes discussions re interim aviation policy toward Soviet and satellite resulting therefrom has served to clarify Embs views. Additional background which may prove useful in forthcoming discussions with Brit follows: Thorough review pros and cons of containment considered particularly in connection with question raised by Emb Rome re Ital-satellite negotiations and by proposal of Hungs for exchange of commercial rights (Deptels 94, to Rome Jan 14² and 46, to Budapest, Jan 15³) resulted in following conclusions:

a. From political and economic point of view restoration normal commerce, communications and transportation between satellite countries and Western Europe more beneficial to US at moment than containment.

b. Penetration satellite carriers to Western Europe presently considered in different category from egress satellite carriers to Near and Middle East.

c. Desirability maintaining fluid and flexible position and continuing advisability weighing carefully all problems on an *ad hoc* basis of primary importance.

• Dept considers views expressed interim policy statement (Depcirinst, Jan 12)⁴ particularly para 4(b) have been relaxed but does not consider interim policy reversed by proposed action re Hung and Italy. Emb attention particularly drawn to sentence immediately following subpara (c) of para 4 "Such policy should be sufficiently flexible to permit modification of such control if changed conditions warrant it". It is emphasized that situation continues highly fluid and while disadvantages of containment, at least as regards east-west operations satellite air carriers presently considered overbalancing, strict containment might at any time appear again advisable. It will be noted that Depinsts to Rome re approach to Itals concerning lat-

¹ No record of the teletype conference under reference has been found.

² Not printed. In it the Department stated that the United States would not intercede in Italian plans to schedule aviation negotiations with several Soviet satellite governments in eastern Europe. The United States would discuss, however, the considerations involved in negotiations with each of these countries prior to the consummation of any agreement. (711.6527/12-2347)

³ Not printed. It stated that in connection with a recent Hungarian offer of reciprocal air rights for Hungarian aircraft to transit the United States zone of occupation in Austria en route to Switzerland, the United States was willing to exchange concurrent notes with Hungary agreeing to reciprocal commercial and Legation courier flight rights for an indefinite period, to be cleared individually, and for unhampered operation of Legation's aircraft. The concurrent notes would set forth the special terms of such flight rights (711.6427/1-848).

⁴ See editorial note, *supra*.

ter's satellite negotiations provided for *ad hoc* discussions and full opportunity for US to express strong dissent in light of facts and conditions as they develop; also that proposed arrangement with Hung could be halted immediately if circumstances dictated.

Sent London 194; repled Budapest 63 and Rome 153.

MARSHALL

740.0027/1-2248: Telegram

The Chargé in the United Kingdom (Gallman) to the Secretary of State

CONFIDENTIAL

LONDON, January 22, 1948—7 p. m.

251. We discussed Department's instruction January 12¹ and Deptels 148, January 15² and 194, January 20³ with Cribbett⁴ and Foreign Office this morning. Cribbett agreeable relaxation policy containment satellites to allow arrangement with Hungary outlined in Deptel 148, January 15, provided preamble of exchange of notes or other document formalizing the agreement makes it perfectly clear that (1) agreement is in fact non-discriminatory and reciprocal and (2) that Hungarians agree it is a step towards the free interchange of international commercial aviation rights.

Foreign Office spokesman at the meeting agreed in principle to foregoing but needed further clearance which is promised immediately. Deak⁵ will be in Budapest about Monday, by which time we should have Foreign Office concurrence.

Cribbett feels strongly (perhaps partly in view of our insistence British break off promising negotiations with Yugoslavs) that any arrangement with Hungary which does not produce an agreement on the part of the Hungarians to subscribe in general to development civil aviation on non-discriminatory, reciprocal commercial basis, would be strong blow to development Anglo-American policy and would not justify short-range advantages. British, for currency and other reasons, not now prepared extend BEA service to Hungary.

Re Poland. British have no objection our treating Poland in separate category but point out if AOA flights to Warsaw considered an extension of New York-Berlin services, Poles may not be willing to accept other than reciprocal route. On the other hand, if AOA Berlin-Warsaw service may be called new route, Poles may agree to traffic

¹ See editorial note, p. 436.

² Same as telegram 46, January 15, to Budapest; see footnote 3, p. 437.

³ *Supra*.

⁴ Sir George Cribbett, Deputy Secretary of the British Ministry of Civil Aviation.

⁵ Francis Deak, Civil Air Attaché in Bern, Belgrade, Bucharest, Budapest, Praha, Sofia, and Vienna.

stop and of transit US zone, Germany as a sufficient *quid pro quo*. As reported, British still do not wish to jeopardize courier services to Warsaw but when and if British Helsinki services can be reopened (through giving them one stop inside northern end of curtain) may indicate willingness use pressure on Poles retransit British zone if such action would be successful in inducing Poles to permit either British or American services, or both, to Warsaw.

GALLMAN

860F.00/79600/3-848: Circular telegram

*The Secretary of State to Certain Diplomatic and Consular Offices*¹

SECRET

WASHINGTON, March 8, 1948—2 a. m.

In view political developments Czech,² Dept seriously concerned Czech air expansion to Middle and Near East (re airgrams New Delhi A-67, Feb 13; Bombay A-60, Feb 20; Karachi A-51, Feb 24; Baghdad A-65, Feb 13; Praha A-20, Jan 8; Athens tel 352, Feb 26; Deptel 274 to Athens, Mar 4)³ and suggests addressee missions, in their discretion and if feasible, use their influence prevent implementation Czech proposed service along route to Bombay.

Info missions only, Dept continues believe (Deptel 194 to London, Jan 20) exchange air rights on reciprocal basis between satellite countries and Western Europe has certain advantages from US overall political and economic point of view but that expansion satellite carriers to Near and Middle East is problem different category which must be carefully weighed in light all factors. Czech proposed extension its European air routes to Near and Middle East Dept feels should at present time be opposed if possible and practicable.⁴

MARSHALL

¹ This telegram was sent to the Embassies in India, Italy, Iraq, Pakistan, Czechoslovakia, Greece, and Egypt, to the Legation in Switzerland, and to the Consulate in Bombay.

² For documentation regarding the concern of the United States in the overturning of the Czechoslovak Government at the end of February 1948, see pp. 733 ff.

³ None printed.

⁴ Telegram 355, March 22, to Athens, not printed, observed additionally that Communist air expansion into the Middle and Near East could be handicapped if not entirely blocked if current Czechoslovak air operating rights through Athens to the Middle East could be at least temporarily cancelled. It was suggested that the Greek Government be approached on the matter (860F.79600/3-2248).

760H.6527/3-1648: Telegram

*The Civil Air Attaché in Switzerland (Deak) to the Aviation Division
of the Department of State*

SECRET

BERN, March 16, 1948—5 p. m.

311. Whatever date Italians chose for preliminary talks with Yugoslavs¹ it would seem better part of wisdom on their part to let Yugoslavs show their hands by leaving it to them to propose draft. Since Yugoslavs took initiative this appears proper procedure and Italians have no reason to prejudge their bargaining position by unnecessarily laying cards on table. Even though inadvisable this late to suggest Italians interim arrangement in lieu Bermuda type agreement (Rome's 1127, March 15 to Department repeated as 20 to Bern).² It still may be feasible to bring home to Italians speeding by their own action air agreements with satellites on threshold of elections³ hardly in their interest, on contrary every factor indicates advisability of stalling. CSA operations to Villanova⁴ under flimsy pretext hauling lumber (Department's 671, March 12 to Rome, Rome's 1141, March 15 to Department⁵) constitutes adequate warning should one be needed.

Neither would opening door at present in Italy or elsewhere seem to be in interest of western world. Analysis of traffic potential leads to conclusion that establishment of air services would not contribute tangibly to ERP success by restoring normal east-west communications and that no material benefit could at present accrue from it to Italy or any western country including US. Eastbound passenger traffic has been largely limited to government officials and their movement is likely to be impeded even more in future. Westbound passengers confined almost exclusively to trusted party members whose travel we surely do not wish to expedite. Even if efforts to restore trade successful, air transport would not materially facilitate exchange of goods mostly unsuited for air cargo.

It should be remembered initiative and pressure for opening air routes came recently from satellite quarters, beyond doubt to serve some USSR interest which is not economic but political and/or military. Soviets never considered air transport as economic matter but as instrument of political power. Merely because we do not yet know precise objective in allowing their satellites to pay relatively small price for freedom of air over western Europe we should not allow

¹ In late February 1948, the Italian Government informally agreed to a Yugoslav proposal to begin discussions regarding a bilateral Italian-Yugoslav civil aviation agreement.

² Not printed.

³ April 18-19, 1948.

⁴ Villanova d'Albenga, on the Mediterranean coast south of Genoa.

⁵ Neither printed.

ourselves and our friends to lend Soviet Russia a hand in her imperialistic designs.

In exchanging air rights with satellites at present juncture we and those in our camp are bound to lose more than gain unless operations under strict control, unrelenting surveillance and immediately terminable.⁶

Sent Department 311, repeated Rome 6, London 14, Paris 15, Belgrade 9, Bucharest 6, Praha 6.

[DEAK]

⁶ In telegram 716, March 17, to Rome, not printed, the Department commented in part as follows:

"Depts conclusions re Ital negotiations satellites (Deptel 94, Jan 14, not printed, but see footnote 2, p. 437), which are believed equally appropriate today, were not intended convey US considers it desirable encourage development air traffic between Italy and Yugo. Such conclusions were intended express Depts belief that if Ital evaluation various considerations, potential dangers of which to Itals were clearly outlined, resulted in Ital conclusion its political, economic and aviation interests would be well served in proposed satellite agreement, US considered such conclusions outweighed advantages containing satellite airlines insofar as latters' operations between Eastern and Western Europe were concerned. Emphasis was not upon encouragement Ital negotiations but upon US unwillingness interfere such negotiations if Itals after full consideration of risks involved were satisfied sufficient net advantages to Itals would be realized." (760H.6527/3-1647)

765.0027/4-548: Telegram

The Acting Secretary of State to the Embassy in Italy

SECRET URGENT

WASHINGTON, April 5, 1948—6 p. m.

960. Reurtels 1534, Apr 5, 1513 Apr 3, and 1495 Apr 2.¹ Dept appreciates Emb's full reports on Itals thinking re satellite air relationships and suggests following US views be conveyed informally to Itali prior to April 7 Ministerial meeting:

(1) While US endorses Ital exploration possibility air operations to eastern countries and concurs such operating arrangements should be provisional and on strictly reciprocal basis, Dept believes Itals would be wise defer entire question agreements satellite countries, formal or informal, until after elections.

(2) US continues feel Italy should take such steps as necessary effectively stop further Czech flights at least until after April 18, and that flight requests other satellite air carriers should be examined with extreme caution before landing rights granted. Dept recognizes possibility some form joint action may be ultimately desirable or necessary but in meantime feels Italy, whose own interests and security are directly at stake, should take necessary preventive measures.

LOVETT

¹ None printed.

856.79664/4-1348 : Telegram

The Civil Air Attaché in Switzerland (Deak) to the Aviation Division of the Department of State

SECRET

BERN, April 13, 1948—3 p. m.

471. British clearance of Maszovlet ¹Amsterdam flight (Budapest's 588, April 8, to Department ²) apparently without consultation with US distressing evidence of ineffectiveness US UK joint air policy towards satellites. On protracted reluctance to clamp down on unauthorized regular lot Warsaw Paris service British now apparently superimpose by unilateral action generous clearance of satellite flights over their zones enabling them to bypass US zone and leaving US holding bag.

Inspired by British over-cautious fence straddling (British capitulation in Berlin in connection with BEA crash incident ³ for instance made worst possible impression in Swiss circles and in absence of consistency on our part smaller nations now either start scrambling for ill-conceived momentary advantages by making deals with satellites irrespective of ultimate cost both to them and us as indicated by Dutch discussions with Hungarians (Hague's 213, April 7, to Department ²) and their apparent willingness to reopen negotiations with Yugoslavs (Belgrade's 409, April 10, to Department ²) or try to eat their cake and have it too as shown by Italians blowing hot and cold same time (reference Rome's detailed cable reports in last six weeks) or by Greeks temporizing on CSA (Athens 601 April 8 to Department ⁴) which while understandable will result in closing stable door after horse is gone.

At risk tiresome repetition again urge immediate review of policy with view to establishment clear determined line and simultaneous coordination of such policy particularly with British, French, Dutch, and Italians, possibly with Scandinavians.

Sent Department 471; repeated London 28, Paris 27, Hague 3, Belgrade 11, Budapest 18, Rome 25; Paris please pass Berlin for Turner 42, Frankfurt for USAFE 14, Athens unnumbered, Vienna for USFA 11.

[DEAK]

¹ Hungarian-Soviet Civil Air Transport Company. This joint company had been established under the terms of the Soviet-Hungarian Civil Aviation Agreement of March 29, 1946.

² Not printed.

³ For documentation regarding the incident under reference here, see vol. II, pp. 890-891.

⁴ Not printed; it reported that Greek Prime Minister Constantine Tsaldaris had informed Chargé Karl Rankin that immediate action by the Greek Government to stop Czechoslovak air traffic through Greece might interfere with large current barter transactions and hurt Greece's credit balance. The Greek Government did, however, intend to restrict the frequency of Czechoslovak flights through Greece (860F.79600/4-848).

856.79660H/4-1548 : Telegram

The Acting Secretary of State to the Embassy in the Netherlands

SECRET

WASHINGTON, April 15, 1948—1 p. m.

141. From Belgrade's 409 Apr 10¹ would appear Dutch intent upon opening up Balkans to KLM. Reurtel 213 Apr 7,¹ informal presentation following views suggested, if Emb still believes appropriate:

(1) Dutch hesitancy understandable in view control Maszovlet by Soviet and recent seriously disturbing political developments Europe which accentuate need extreme caution any dealings Soviet dominated satellite.

(2) Since questionable whether Bermuda type agreement contains adequate safeguards, particularly re termination, US believes any air agreement with satellite should be limited to provisional type arrangement of indefinite duration, be immediately cancellable by either party and provide for strict reciprocity factually and operationally.

(3) US currently discussing with Hungs exchange of notes authorizing US commercial and courier flights to, through and over Hung territory as *quid pro quo* for similar rights Hung carriers in US zones Germany and Austria. Arrangement would contain safeguards outlined in (2) above.

Re Bern's 458 Apr 12, Dept does not desire discourage Dutch, or any other Western power, exchange air rights Hungs, or other satellite. Such position not only incompatible with current US-Hung negotiations but inconsistent with US view that advantages restoration normal commerce, communications and transport between satellites and Western Europe, from US political and economic point of view, overbalance, for present, advantages blocking satellite air operations to Western Europe. Desirability adequate safeguards in any satellite agreement is, however, another matter and drawing attention Dutch or other countries this side of curtain to dangers this aspect of problem Dept considers both consistent and appropriate.

Emb Lon requested query Brit re clearance Maszovlet flight Amsterdam (last para Budapest 588 Apr 8).¹ If Hung flight cleared,² suggest Brit be informed such action disturbing to Dept in view UK-US understanding re close exchange info all satellite aviation matters.

Sent The Hague 141; rptd Budapest 390; Rome 1078; London 1333; Belgrade 173; Paris 1234; Berlin for Turner 663; Frankfurt for USAFE 120; Vienna for USFA; and Bern for Deak 525.

LOVETT

¹ Not printed.

² Telegram 622, April 13, from Budapest, not printed, reported that the proposed Maszovlet flight to Amsterdam had been cancelled by Hungarian authorities because of Soviet insistence that the Hungarian aircraft land in Berlin (856.79664/4-1348). Telegram 745, May 4, from Budapest, not printed, reported on the basis of a "good source" that the reason for the cancellation of the Maszovlet flight was that several Hungarian Communist leaders, including Matyas Rakosi, intended to despatch sizable fortunes in gold, hard currency, and precious stones on the aircraft (856.79664/5-448).

711.6427/4-3048: Telegram

The Minister in Hungary (Chapin) to the Secretary of State

SECRET

BUDAPEST, April 30, 1948—11 p. m.

720. Further to mytel 716, April 30.¹

Even before receipt this morning Deptel 442, April 29² Legation had intimation Hungarians up to some trick maneuvering recent agreement. Developments during day strengthened this feeling including receipt Foreign Office note dated today "amplifying" "unprecise" text of March note (Legtel 347 March 4³) to effect that phrase "Legation plane may come to Budapest as often as Legation desires" means that "request of Legation for clearance aircraft" will be given "due consideration" by Hungarian authorities as often as made.

Our comments: Hungarian action demonstrates beyond shadow of doubt we cannot expect to do business with satellites. However much they desired to make this arrangement enabling them to gain access to west and however genuinely subordinate officials worked to conclude arrangement (both which was evident to us) in moment Polit Bureau decided to use occasion for promotion Polit objectives, they wiggle out of any commitment without hesitation and without slightest scruples.

While we now should consider this matter terminated we have the satisfaction of having been very generous in trying to meet Hungarians more than halfway. We now also in position to charge Hungarians on suitable opportunity with bad faith and lack of responsibility.

Legation does not intend to answer Hungarian note and simply ignore air agreement question in future. Should Hungarians raise any question it is suggested we take casual attitude of not being interested or concerned.⁴

¹ Not printed; it transmitted the text of note of April 30 from the Hungarian Foreign Ministry expressing Hungarian disapproval of a previously tentatively agreed upon U.S.-Hungarian civil aviation agreement on the grounds that the expulsion of the Hungarian Restitution Commission from the American zone of occupation of Germany by American authorities constituted a violation of the Hungarian Peace Treaty (711.6427/4-3048). The action with respect to the Hungarian Restitution Commission had been taken following the failure of the Hungarian Government to respond satisfactorily to several American protests regarding the mistreatment of American personnel aboard a Hungarian repatriation train as it passed through the Soviet zone of occupation in Germany in late January 1948.

² Not printed; it gave authorization for the conclusion of a civil air agreement with Hungary on the basis of the terms already tentatively arrived at in Budapest (711.6427/4-2848).

³ Not printed.

⁴ Telegram 474, May 10, to Budapest, not printed, expressed appreciation of Minister Chapin's firm line toward the Hungarians. While willing to leave the next move to the Hungarians, the Department was not disposed to allow the Hungarian note of April 30 to go unrefuted (711.6427). The Hungarian allegations were therefore rejected in a note delivered to the Hungarian Foreign Ministry on May 21.

At same time we recommend full reconsideration of our aviation policy toward satellites in light of Hungarian experience. Deak feels and I concur that

1. British, French, Swiss, Benelux, Scandinavian countries and Italy be informed about Hungarian negotiations with a view to impress upon them (a) irresponsibility of satellites, (b) desirability of coordinated policy and action to bar satellites access to Western Europe—especially in case Italy. He also feels immediate strengthening of joint US-UK understanding and securing French adherence most necessary for protection our interests;

2. Every effort be made and precaution taken to preclude satellites and Hungarians in particular from obtaining, directly or indirectly, aircraft, parts navigational aids, communication facilities, tools et cetera.

Sent Department 720; repeated London 54, Paris as 78, Berlin as 49, Frankfurt as 52, Vienna as 69, Bern as 39 and Warsaw 12.

CHAPIN

711.4027/4-1548: Telegram

The Secretary of State to the Embassy in France

SECRET

WASHINGTON, May 7, 1948—7 p. m.

1577. Emb's understanding (Embtel 2206 Apr 26¹) correct. Strict reciprocity is cornerstone of US aviation policy vis-à-vis Soviet and satellites. While it is true that advantages East-West operations believed for political and economic reasons to overbalance, for present at least, advantages of blocking satellite air operations to Western Europe, advantages such East-West operations are not so heavily preponderant, in Depts opinion, that they would also outweigh considerations of reciprocity. If French and Yugos agreed exchange reciprocal rights on route Paris-Rome-Belgrade, US would expect and hope Itals would bar Yugo flights through Italy unless Yugos granted Itals reciprocal rights Yugo. Similarly, if Poles and Swiss agreed exchange air rights and Poles, bypassing US Zone Germany, proposed to fly to Switzerland via Brit Zone Germany, we would count not only on Swiss to exact reciprocity from Poles but also upon Brit to bar Polish flights unless Brit received satisfactory reciprocal rights in Poland.

¹ Intermittent discussions had been conducted in Warsaw over a period of months regarding the possible extension of American Overseas Airways service to Warsaw. The United States was insisting any authorization for the Polish national airline (LOT) to overfly the United States zone of occupation in Germany would be conditioned on the reciprocal right of an American carrier to enter Warsaw. In the telegram under reference here, the Embassy in Paris asked if it was correct in understanding that the United States would agree to the establishment of satellite air services to Western European cities over the United States zone of occupation only if the United States was given reciprocal entry to the satellite concerned (711.4027/4-2648).

On same basis US has every present intention blocking satellite operations through US Zones unless US receives satisfactory reciprocal rights, theoretically and operationally, from satellite concerned.

Dept has stated (Deptel 141 The Hague Apr 15 repeated Paris as 1234²) as Emb has pointed out, that US does not desire for reasons stated to discourage East-West air traffic. On other hand, Dept has also made clear (Deptel 716 Mar 17 to Rome, repeated Paris as 842³) US policy does not envisage actively encouraging such traffic. Conclusion to be drawn from these two reflections of US policy which tend to offset each other is that, as indicated in first par above, political and economic advantages East-West air transportation are not, at present time, heavily preponderant.

Paris, Lon, Bern, Rome, The Hague, Brussels, and Stockholm requested, in their discretion, inform Governments to which accredited of foregoing US views and report reaction thereto.

Sent Paris 1577; rptd Bern 645; Berlin for OMGUS 810; Frankfurt for USAFE 156; London 1656; Warsaw 278; Rome 1315; The Hague 175; Budapest 471; Belgrade 219; Vienna for USFA 419; Brussels 675; Stockholm 312; Cairo 544; Ankara 221; Athens 564.

MARSHALL

² *Ante*, p. 443.

³ Not printed.

760H.6527/5-1348: Telegram

The Secretary of State to the Embassy in Italy

SECRET URGENT

WASHINGTON, May 18, 1948—6 p. m.

1404. As previously suggested, Dept believes Itals would be best advised to await Yugo proposal before deciding what position they should take (re Embtel 2162, May 13¹). Since Yugo has taken initiative and pressing for agreement, Itals perfectly justified in awaiting terms Yugo prepared to offer; basic and time-tested rules of diplomacy indicate advantage in not showing one's hands until necessary. Once Yugo proposal made, Itals perfectly justified in taking their time to consider terms offered and to weigh its implications.

For Emb info only: General review of aviation policy toward USSR-satellites, now in progress in Dept, renders it especially desirable that Emb impress on Itals wisdom stalling tactics present juncture, lest hasty action for temporary advantage prejudice interests Ital as well as US and other Western European nations. In this connection

¹ Not printed. The Embassy in Rome was maintaining informal discussions with the Italian Foreign Ministry on the question of negotiating civil air agreements with various East European states, particularly Yugoslavia.

Emb requested inquire about status Italo-Bulgar air negotiations reported Sofia's 579, May 10, repeated as 18 to Rome ² and advise caution.

Sent Rome as 1404, rptd Bern as 697, Paris as 1710, London as 1798.

MARSHALL

² Not printed.

856.79664/6-848 : Telegram

The Secretary of State to the Embassy in the Netherlands

SECRET

WASHINGTON, June 10, 1948—5 p. m.

234. While Dept continues believe Hung overflights Brit and US occupation zones should be denied (Deptel 580 to Budapest, June 8 ¹) it is of course difficult, if not impossible, find fault with Dutch provisional arrangement with Hungs, reported Embtel 346, June 8, ¹ in view Deptel 1577 to Paris, May 7, rptd The Hague as 175. ² Pending completion present high-level review US aviation policy vis-à-vis Soviet and satellites, Dept believes, therefore, no further representations to Dutch should be made. Meanwhile, it is obvious key to control of satellite flights to Western Europe (at least non-circuitous) is zonal blockade which Dept hopes Brit will, in coordination with US, keep intact at least until policy decisions, expected to be finalized in very near future, are reached. ³

Dept would be interested know dates of Hung flights to Amsterdam already completed, if any, and exact route flown.

Lon requested inform Brit of foregoing.

Sent The Hague 234, rptd London 2172, Budapest 589, Geneva for US Del ICAO, Attn: Barringer ⁴ and Civil Air Attachés 718, and Berlin 1018.

MARSHALL

¹ Not printed.

² *Ante*, p. 445.

³ Telegram 2223, June 14, to London, not printed, instructed the Embassy in London to ask the British to deny overflight rights of its zone of occupation in Germany to Yugoslavia which had requested such rights for weekly flights between Belgrade and Amsterdam (856.79660h/6-1448).

⁴ J. Paul Barringer, Deputy Director, Office of Transportation and Communications, Department of State, served as Vice Chairman of the United States Delegation to the Second Annual Assembly of the International Civil Aviation Organization, held in Geneva, June 1-22, 1948.

CFM Files : Lot M-88 : Box 104

*Report of the Conference on the Implementation of the Treaties of
Peace, Rome, Italy, June 14-21, 1948*¹

SECRET

US COMMERCIAL AVIATION POLICY IN EASTERN EUROPE

Mr. Llewellyn Thompson, Deputy Director of Eur of the Department of State, and Chairman of the Conference on Implementation of the Peace Treaties, introduced Mr. J. Paul Barringer, Deputy Director of TRC of the Department of State, who was asked to present the subject of the morning meeting on civil aviation and to lead the discussion of civil aviation, with particular reference to the satellite states and the USSR.

Mr. Barringer briefed the conference members on the organization and position of civil aviation affairs in Washington and outlined the relationship, functions and general procedures vis-à-vis agencies (State, Air Force, CAB, CAA, etc.) dealing with aviation and involved in the clearance of important civil aviation problems. The function and representation of the Air Coordinating Committee (ACC), which was established as the President's chief advisory group on aviation, was also discussed.

Upon completion of the basic background briefing, Mr. Barringer traced the recent history of US civil aviation policy with reference to the USSR and the satellite states. It was pointed out that after the war the United States had endeavored without success to obtain air agreements with the USSR and with satellite states. With the failure of efforts to gain access for commercial carriers to the USSR and its satellites, an Interim Aviation Policy was drafted in 1947. That policy provided, in general, that if any approaches were made by satellite countries, they would be taken up separately in the hope that a satisfactory reciprocal agreement might be reached. That hope likewise did not materialize, and only a few weeks ago the US-Hungarian negotiations failed, even though the Hungarians had made the initial approach for an interim arrangement on a reciprocity basis. The Hungarians desired to fly over US controlled areas, and the US desired Pan American to fly to Budapest. When agreement was nearly reached, negotiations were terminated by the Hungarians.²

The meeting was then opened for a general discussion to ascertain

¹ This Report was circulated to the Treaty Committee as document TIC D-21/16, June 30, 1948, and it was discussed and adopted by the Treaty Committee on July 7, 1948. For the text of the major portion of the Report and an explanation on the convening of the conference, see p. 353. For a description of the Treaty Committee, see the editorial note, p. 310.

² Regarding the termination of the civil aviation negotiations with Hungary, see telegram 720, April 30, from Budapest, p. 444.

the reactions of the members present with reference to the fluid Interim Policy. From the discussion it was brought out that the civil aviation of the satellites is of a military and strategic character not directly related to peaceful transportation of goods and passengers and is in effect under the control of the Ministries of the Interior and the USSR.

Mr. Thompson pointed out that the Interim Policy was drafted and placed in effect before Czechoslovakia was placed behind the "curtain". During the period of the Interim Policy the Department operated on the basis that the US could penetrate the Soviet air space and obtain something sufficiently worth while to warrant permitting the Soviets to enter the US. As an opening wedge it had seemed important to deal with the satellites; however, it is generally considered now that each satellite country must be treated as though it were Soviet. During the discussion (in which members of the Conference from the missions within the "curtain" countries actively participated) it was clearly evident and unanimously agreed that the Interim Policy had afforded ample opportunity, without success, for the Soviet and its satellites to establish reciprocal commercial aviation relations. Mr. Barringer said that in the light of past experience, a restrictive policy was now under consideration vis-à-vis Eastern Europe. Members of the morning conference agreed that the Interim Policy had served a useful purpose and illustrated the good faith of the US in endeavoring to reach agreement with Eastern European states on aviation. It was emphasized that commercial interests within the satellite or Russian sphere are always subordinated to political interests. Mr. Barringer pointed out that to date there was every indication, however, that the Soviets and satellites were using the "curtain" countries as a one-way valve to provide outlets for the USSR without permitting foreign penetration of Soviet air space.

Mr. Barringer then read a draft policy statement which had been studied carefully by the State Department policy planners and appropriate geographic divisions concerned and had been approved by the Department June 14.³ The new policy is much more restrictive and would, if finally approved by the President and concurred in by the UK, France and other western states, block egress of all USSR-satellite commercial international air services until the satellite states and the USSR were willing to open their air space to all outside states interested in operating to the Soviet area. In other words, the goal—that is, the opening up of Soviet air space—would remain, as in the past, the principal objective. If the draft policy is finally adopted, it

³ The reference here is to Policy Planning Staff Paper PPS 32. As subsequently slightly revised, this paper was approved by the National Security Council and President Truman as document NSC 15/1, July 12, 1948, p. 451.

would be discussed in detail with the British and the French, and the approach of the western states would be on a one-for-all and all-for-one basis. It is anticipated that the UK and France would line up with the US position, and possibly "carry the ball" in gaining adoption of the policy by non-curtain states.

The draft policy relates to commercial flights of a scheduled nature and would not extend to courier flights. Courier flights would continue to be authorized on a purely reciprocal flight for flight basis, i.e. one satellite or USSR flight for one US flight. The Czech-US bilateral agreement would have to be denounced through the escape clause of the present agreement. Mr. Deak cautioned that great care would have to be exercised to be certain that commercial flights were not operated under the guise of courier flights. It was stated that a practical effect of the new policy, if adopted, would be to keep a satellite from entering into a bilateral agreement without the Soviet. In other words, a satellite would be considered as part of the USSR. This would represent an attempt to restore normal relations with the Soviet by application of a maximum of pressure. Mr. Brackley Shaw, General Counsel of the Department of the Air Force, indicated that the opportunity for the US to have an airline in Russia would be of much greater advantage than any disadvantage arising from operation of a USSR aircraft to the US.

It was recognized that implementation of the policy would present difficult but not impossible problems, and it was re-emphasized that the new draft policy should be kept strictly confidential and not yet mentioned to the British, French or others until it becomes firm. At that time it would be fully discussed with appropriate non-curtain countries. Mr. Thompson stated that, if the new more restrictive policy should be adopted, very strong pressure by the Soviet could be expected on certain points (as, for example, Italy through Yugoslavia) as soon as the policy became apparent to the Soviets. Mr. Deak said that the possible weapons we might give the USSR had been considered, and from the standpoint of psychological warfare, with reference to implementation of the policy, we must be certain to carry the ball in such a manner as to prevent the USSR from outmaneuvering us in the propaganda field.

It was stated that some distinction appears to be made by the Soviets with reference to USAFE and Legation or Embassy planes. Mr. Shaw said that if the mission planes were grounded or had to be removed as a result of a more restrictive policy, every consideration would be given to supporting the missions adequately if USAFE were requested to operate courier services. Mr. Brackley Shaw of the Department of the Air Force and Col. Walter Bryte of USAFE, Wiesbaden, expressed their appreciation for the opportunity of sitting in on the

aviation discussions. They and the chairman of the meeting expressed particular interest in the unanimity of views of the representatives of the American missions at the Conference.

Secretariat Files

*Report by the National Security Council*¹

SECRET

WASHINGTON, July 12, 1948.

NSC 15/1

U.S. CIVIL AVIATION POLICY TOWARD THE USSR AND ITS SATELLITES

Problem: To determine U.S. Civil aviation policy toward the Soviet Union and the Soviet satellite countries in the light of our failure to obtain agreement with the USSR for reciprocal operational rights.

BACKGROUND

In the first phase of our postwar civil aviation policy (1945 to the summer of 1947) we actively pressed both the Soviet Union and its satellites for the conclusion of normal bilateral air transport agreements. With the exception of Czechoslovakia agreement with which was obtained in late 1945,² before Communist control, our efforts were unavailing. During this period our markets for aircraft, components, aids to navigation, etc. were open to the USSR and the satellite countries, and we took the lead in holding open for Russia a seat on the Council of the International Civil Aviation Organization (ICAO). Russia has steadfastly refused to join the Organization.

¹ With the exception of the additional sentence to paragraph 2c of the Recommendations (see footnote 5, below), this document is identical with Department of State Planning Staff document PPS 32, June 11, 1948, and National Security Council document NSC 15, June 15, 1948. PPS 32, which was approved by the Secretary and Under Secretary of State on June 14, 1948, was submitted to the National Security Council where it was designated NSC 15. At its 14th Meeting, the National Security Council considered NSC 15 and adopted the recommendations contained therein, subject to the addition of a new sentence to paragraph 2c. The revised paper printed here was concurred in by the United States occupation authorities in Germany and Austria, and it was approved by President Truman on July 13, 1948. Copies of this paper were subsequently forwarded to 38 American diplomatic and consular posts in Europe, the Middle East, and Asia. The addressed missions, except London, were not to discuss the new policy with local officials or diplomatic colleagues pending the receipt of further Departmental instructions. Telegram 958, July 12, to Bern, not printed, instructed J. Paul Barringer, Deputy Chief, Office of Transportation and Communications, and Civil Air Attaché Francis Deak to proceed immediately to London to initiate in conjunction with Embassy representatives discussions with British officials looking toward the implementation of the policy set forth in this document. Regarding these American-British discussions, see telegram 3302, July 21, from London, p. 462.

² For the text of the United States-Czechoslovak Air Transport Agreement, signed at Praha, January 3, 1946, see Department of State Treaties and Other International Acts Series No. 1560 or 60 Stat. (pt. 2) 1917.

As a result of the failure to reach agreement with the Soviet Union, our aviation policy was reviewed in the fall of 1947 and since the beginning of 1948 we have followed a policy under which we take no initiative toward the conclusion of any air agreement with the Soviet Union or any satellite country, but are willing to consider on their merits approaches made by those countries to us.

Our position regarding international civil aviation, i.e. favoring its orderly development on the basis of reciprocal rights and the broadest possible freedom consistent with our national security and sound economic principles, remains unchanged. However, the Communist coup in Czechoslovakia, together with an increasingly aggressive Soviet policy aiming at the exclusion of U.S. aircraft from Soviet controlled areas, calls for reconsideration of our current policy.

FACTS BEARING ON THE SITUATION

1. There appears to be no likelihood in the foreseeable future that the Soviet Union will permit regularly scheduled commercial air operations over Soviet territory by countries outside the Soviet orbit.

2. Soviet interest in operating their transport planes in foreign countries is military and political rather than commercial. Consequently, commercial reciprocity has little meaning for the USSR.

3. While denying foreign air operations over the territory of the USSR, and to a large extent also over the territories of their satellites, the Russians seek by every means possible to secure the right, for themselves and more often for their satellites, to operate in the air space of other countries.

4. Through the device of mixed companies or through Communist domination of national air lines in the satellite countries, the Russians are able to place their air crews and police agents on planes operated by these companies. By rotating crews, significant numbers of Soviet airmen are able to gain experience in flying outside the Soviet orbit.

5. In addition to the military value of such operations, the operation of regular air transport services to western countries by the satellites is advantageous to the USSR in that it makes for more effective liaison with Soviet agents and Communist parties abroad.

6. A large proportion of the planes operated by the satellite air lines are of U.S. origin (mostly war-surplus C-47s) and hitherto have depended chiefly on the U.S. for spare parts.

7. Under Presidential Proclamation 2776,³ effective April 15, 1948, control over the export of aircraft and aircraft components has been re-established; if control is rigidly enforced, it can prevent the satellites from obtaining replacement parts and other needed air line equipment from this country.

³ See the editorial note, p. 528.

8. The effect of Proclamation 2776 has been reduced by the services which modification centers in Europe are capable of rendering to satellite air lines. The major centers are operated by Scottish Airways in the U.K., Fokker in the Netherlands, the Fiat in Italy. The Department of State has recently requested these countries to stop the maintenance, modification, and repair of satellite aircraft.

9. The only satellite country which has a relatively significant aircraft industry of its own is Czechoslovakia. The Czechs also have a substantial number of experienced transport pilots and navigators.

10. Czechoslovakia also has the most extensive system of routes operating over countries outside the Soviet orbit of any of the satellite countries. Furthermore, it has been an active member of the International Civil Aviation Organization since its inception and has bilateral agreements with a number of countries, including the U.S. At present the Czechs operate regular services to Paris, Amsterdam and London; to Zurich (with an extension to Marseilles and Algiers under negotiation with the French); to Rome, Athens and Beirut (they are pressing the British for rights for an extension to Bombay); and they are negotiating for a line to Stockholm and Helsinki. Under their bilateral agreement with the U.S., they have the right to operate a trans-Atlantic service to New York and they have indicated their intention of exercising this right, probably during this month, and have requested an extension to Chicago. However, exercise of the right to operate a trans-Atlantic service depends on their ability to obtain suitable 4-engine transports. The Russians are reported to have indicated to the Czechs their intention to make available to them a limited number of 4-engine aircraft.

11. Significant Communist penetration of the Czech national air line began before the coup of last February; Communist control today is, of course, complete.

12. Under our bilateral agreement with Czechoslovakia, Pan American Airways operates a regular service to Prague. Patronage of this service has fallen off to some extent since the February coup but continues to be of substantial proportions.

13. The only other service operated by a U.S. company to a satellite country is that operated to Helsinki by American Overseas Airways (AOA). This service functions under an interim arrangement with Finland which has just been extended for three months. This does not involve reciprocal rights for the Finnish carrier.

14. While earlier both PAA and AOA were eager to operate services over the routes into Eastern Europe assigned to them, the results have been disappointing. This is due in some degree to less traffic than had been anticipated, but to a much greater extent to the obstacles which satellite governments have placed in the way of the American carriers.

15. The British, French, Dutch, and Swiss have encountered similar difficulties and there are indications especially since the Czechoslovak coup, that they would welcome joint action looking toward the restriction of satellite commercial air operations in Western Europe.

CONCLUSIONS

1. Since it has proved impossible to secure an exchange of air traffic rights with the USSR or its satellites on a basis of true reciprocity (i.e., air traffic rights in USSR territory for US civil air carriers in exchange for similar rights in US territory for USSR or satellite civil air carriers), we are compelled to consider whether the present operations of satellite airlines outside the Soviet orbit are in our national interest.

2. If non-reciprocal Soviet penetration of air space outside the area under Soviet control, through the instrumentality of the satellites, is to be prevented, the U.S. and those countries which occupy a strategic position relative to the area of Soviet control must act in concert.

3. It cannot be determined at this time how seriously the inability of the satellite countries to obtain replacement parts and electronic equipment would affect their air transport operations. However, an embargo on the export of aircraft parts and equipment from the U.S. and from the countries acting in concert with it would be a logical corollary to blocking Soviet and satellite civil air operations outside the Iron Curtain.

Insofar as the ECA countries are concerned, it is not expected that such action would have a seriously disadvantageous effect on European East-West trade in view of the relatively small monetary values involved.

4. Czechoslovakia, because of its aircraft industry, the greater extent of its international air operations, the relatively large number of trained personnel, its membership in ICAO, and its bilateral agreements with a number of western countries, occupies a special position in our air transport relations with the satellite countries. The bilateral agreements which it has with western countries give the Soviet bloc access to practically every country to which Moscow desires air access, while limiting the western countries to air access to Prague at the extreme western end of the Soviet area of domination.

RECOMMENDATIONS

1. We should seek to restrict the civil air operations of the USSR and its satellites to their territory until the USSR grants, on a reciprocal basis, transit and commercial landing rights in USSR terri-

tory to civil air carriers of the U.S. and other states outside the area of Soviet control which desire such rights.

2. To implement this policy:

a. We should take no further initiative for concluding bilateral reciprocal air arrangements with the USSR or its satellites.

b. We should seek informal assurances from the countries of Europe and the Near East which have air transport agreements with the satellite countries that they will take such steps as are necessary and available to them to prevent the further exercise of satellite rights under these agreements, provided that we agree to take similar action.

c. We should, however, in any case and as soon as possible, take such steps as are available and necessary to prevent the further exercise of Czech rights under the U.S.-Czechoslovak bilateral transport agreement. At the present time, it is intended not to cancel this agreement but rather to rely upon the authority and intent of the Civil Aeronautics Board to deny to the Czechs a permit to operate a trans-Atlantic service to the United States.⁴

d. We should request the appropriate British and French authorities, on our assurance that we will do likewise if they agree, to suspend permits which authorize the civil air lines of satellite countries to overfly their occupation zones in Germany and Austria and to refuse to grant such permits to other satellite states.

e. On satisfactory assurance from the British and French authorities, we should instruct our occupation authorities in Germany and Austria to suspend permits authorizing Czechoslovakia's civil air line to overfly our zones and to continue to refuse the granting of such permits to any other satellite states.

f. Presidential Proclamation 2776 placing restrictions on the sale and export of aircraft, engines, spare parts, and electronic equipment used in connection with aircraft operation should be so interpreted and enforced as to insure that the USSR and her satellites will be unable to obtain such equipment from the U.S. or from areas under U.S. control.

g. We should continue to press for informal arrangements with other countries, particularly the U.K., France, the Netherlands, Switzerland, Italy and Sweden, by which those countries would put in effect like restrictions, which should include denial of use of facilities for overhaul, refitting and maintenance to USSR and satellite aircraft.

h. So long as the present situation in regard to Finnish-Soviet integration remains unchanged, Finland should not come under the above restrictions.⁵

⁴ The second sentence in this paragraph was not included in the earlier versions of this paper (PPS 32 and NSC 15) but was added by the National Security Council at its 14th Meeting.

⁵ On August 16, 1949, President Truman approved the addition of an additional sub-paragraph 2*i* at this point which read as follows:

"i. In view of the breach between Tito and the Kremlin and the evidence at hand that Soviet control of Yugoslav civil air operations has been eliminated, Yugoslavia should be exempted from the above restrictions so long as the present breach is maintained."

3. All of these measures should be carried out, as far as possible, in a manner sufficiently flexible to admit of their quiet and inconspicuous retraction to the degree that they might be successful in inducing the Russians to take a more liberal attitude toward the operation of western carriers in the USSR and the satellite area.

859.79660C/7-1448 : Telegram

The Secretary of State to the Embassy in Denmark

SECRET

WASHINGTON, July 14, 1948—5 p. m.

445. Reurtel 657, July 12¹ concerning report Poles have proposed Danish and Polish airlines operate once weekly between Warsaw and Copenhagen, suggest Emb in its discretion inform Danes US exceedingly interested and somewhat concerned re reported indication Polish airlines interested in operating to Copenhagen and would appreciate it, if report is true, if Danes would afford US opportunity express its views this subject prior to replying Polish proposal.

For Emb info only, successful implementation new US aviation policy vis-à-vis USSR and satellites will in all probability require us to seek informal assurance from Danish Government they will deny access satellite air carriers to Danish territory, provided US agrees to take similar action. Text new policy being air mailed Emb and other missions concerned with instructions not be discussed outside of Emb pending further Dept instructions. Dept does not contemplate transmitting instructions to approach Danes re Common Front policy of containing USSR and its satellites until discussions with Brit, whose support of new US policy deemed vital to its success, and which are scheduled take place next few days in Lon, are complete. Nevertheless, Dept desires some indication be given Danes, without disclosing nature new US policy, of US desire discuss proposed exchange air rights with Poles before any such agreement finalized.²

Sent Copenhagen as 445, rptd Bern as 972, London as 2715, Berlin as 1241, and Warsaw as 433.

MARSHALL

¹ Not printed.

² In subsequent instructions transmitted in telegram 475, July 21, to Copenhagen, not printed, the Department concurred in a suggestion made by the Embassy that the Danish Government be requested to utilize all available stalling tactics to delay a reply to the Polish Government's formal request for aviation rights over Danish territory (859.79660C/7-1648).

711.4027/7-2648

*The United States Embassy in the United Kingdom to the British Foreign Office*¹

AIDE-MÉMOIRE

1. Ever since the Chicago Conference in International Civil Aviation at the end of 1944,² and until a few months ago, the United States Government actively endeavored to induce the U.S.S.R. to participate on a basis of full equality and reciprocity in the orderly development of international civil aviation. A like endeavor was made, without exception or discrimination, in regard to the various countries which one after the other became satellites of the U.S.S.R. (Poland, Yugoslavia, Rumania, Hungary). Throughout those years the products of American aircraft and related industries and aviation material of all kinds from Army surplus were available to the U.S.S.R. and her satellites.

This attitude was in conformity with the objective—shared by the United Kingdom Government—of promoting worldwide air transport to serve as an effective vehicle of trade and commerce among peace loving nations in a peaceful world.

2. In the fall of 1947, it became evident that our active and repeated endeavors of more than two years to obtain a reciprocal air transport agreement with the U.S.S.R. were unsuccessful; that the U.S.S.R. is unwilling to join I.C.A.O.; that through the control it exercises in the satellite countries, the U.S.S.R. is preventing the satellite governments from entering into operationally reciprocal air transport agreements with countries outside the Soviet orbit.

It further became evident that while the U.S.S.R. persevered in excluding civil aircraft of Western nations from Soviet-controlled areas, it sought purely unilateral penetration beyond the iron air curtain erected by its exclusionary measures. This has been substantially accomplished by non-reciprocal link arrangements or by Soviet-controlled and operated satellite airlines which are in fact Soviet airlines.

Through this ingenious policy, the U.S.S.R. has effectively accomplished their political and military objective of wide penetration of non-Soviet territories at the negligible cost of granting access only to the periphery of the Soviet-controlled area.

3. In the fall of 1947, after more than two years of negative results,

¹ This *aide-mémoire*, a copy of which was transmitted to the Department as an enclosure to despatch 1638, July 26, 1948, from London, not printed, was submitted to the British Foreign Office in connection with discussions on July 17 and 21, 1948 between American and British officials on civil aviation policy towards the Soviet Union and the East European satellites. Regarding those discussions, see telegram 3302, July 21, from London, *infra*.

² For documentation on the international civil aviation conference held in Chicago, November 1–December 7, 1944, see *Foreign Relations*, 1944, vol. II, pp. 355 ff.

the United States Government in consultation with the United Kingdom Government decided to follow a new, though admittedly an interim, policy. In essence this policy reflected our reluctance to draw the final conclusion that the U.S.S.R. had irrevocably committed itself to a policy of non-cooperation, even of hostility, and was definitely determined to bar access by civil aircraft of her former Allies and of other presumably friendly nations to Soviet-controlled airspace. Under this interim policy the United States refrains from taking the initiative toward the conclusion of air transport agreements with the U.S.S.R. or its satellites, but is prepared to consider on its merits and in light of all relevant factors proposals made by any curtain country.

4. The interim policy did not contemplate any change in regard to the sale of aircraft and aviation equipment to the U.S.S.R. and its satellites. However, the continued exclusionary policy of the U.S.S.R. and persistent Soviet attempts aiming at unilateral penetration of the non-Soviet world by their aircraft, caused the United States increasing concern over the broader implications of freely supplying such equipment to the curtain countries. This concern was expressed in form of advice to manufacturers and distributors of such equipment as a result of which the flow thereof to curtain countries began to slow down at the beginning of this year. The export license requirements for certain categories of war potentials—including aircraft, components and electronic equipment—foreseen in Presidential Proclamation No. 2776, effective April 15, 1948,³ although imposed for different reasons (i.e. the Palestine situation), enabled the United States Government to exercise a more direct and effective control and practically to stop the direct sale and export of such equipment to the curtain countries.

5. Penetration by the U.S.S.R. and by the satellites of the non-Soviet world—particularly Western Europe, the Near and Middle East—with their air services on a unilateral and non-reciprocal basis, when viewed in the light of their persistent attempts at further expansion, have caused increasing concern to the United States Government. Our concern, of course, arises not from economic considerations but from the obvious political and security implications of this situation.

The opinion of the United States Government that the primary objectives of Soviet air transport operations are strategic and political rather than commercial is strongly supported by the uneconomic management and operation of the Soviet-controlled satellite airlines. The sudden burst of activity following the Prague coup, seeking to expand operations of the Czech airline CSA (now completely under Communist control) to the critical Near and Middle East region is

³ See editorial note, p. 528.

further indication of the correctness of this estimate of the true Soviet aim in this regard. The coup in Czechoslovakia in February, 1948, completely changed the picture. It gave the U.S.S.R. for the first time a relatively competent and experienced airline with routes, actual and potential, reaching into all parts of the non-Soviet world and capable of serving, under Soviet controls, as a convenient instrumentality of penetration into all corners of the globe.

6. The abrupt and disingenuous termination on April 30, 1948, by the Hungarian puppet government of negotiations which it had initiated with the United States, for an air transport agreement has finally convinced the United States Government that it is necessary to re-examine with the United Kingdom the civil aviation policy heretofore applied to the U.S.S.R. and the satellites. A careful and searching analysis of our past course of action, of the premises upon which our policy was based, and the wholly negative results, have convinced the United States Government that unless the United States, the United Kingdom and other countries outside the Soviet orbit adopt a more restrictive policy, comparable to that actually followed by the U.S.S.R., we shall fail in our major objective of lifting the iron curtain and shall be giving away for virtually nothing, and, in the present circumstances, to the detriment of our security, the operating privileges which constitute our sole leverage and bargaining power.

7. As a result of this examination of the problem, the United States Government has formulated certain views as to the line of action which we are prepared to follow if the United Kingdom agrees and is prepared to join in this course.

The course of action (summarized hereafter) which the United States now proposes to the United Kingdom Government has been concurred in by the United States Occupation Authorities in Germany and Austria, has been approved by the National Security Council of the United States upon recommendation of the Department of State, and has the express approval of the President of the United States.

(I) It is proposed that: The United Kingdom and the United States, together with countries of Western Europe and the Near and Middle East outside the Soviet orbit would seek to prohibit civil air operations (scheduled, non-scheduled and charter) by airlines of the U.S.S.R. and her satellites to and through non-curtain territory until the U.S.S.R. grants, on a truly reciprocal basis, transit and commercial landing rights in U.S.S.R. territory proper to civil air carriers of the United Kingdom and the United States and such other countries outside the Soviet orbit which adopt this line of action and desire such rights.

The proposed measure of containment is intended to apply to *civil*

air transport only. It is not intended to prevent the exchange with the U.S.S.R. and/or the satellites on a fully reciprocal basis of non-commercial, military, courier, diplomatic, or other government sponsored flights. The immediate objective of this proposal—the confinement of Soviet and satellite aircraft to Soviet-controlled airspace—is of a political and security rather than of a commercial or economic character. The primacy of political and security considerations, even though dealing with *civil* air transport, is, however, justified, first because civil aviation is a vitally important element of air power (just as the merchant marine is the indispensable foundation of sea power); secondly, the U.S.S.R. regards civil air transport largely from the political and military point of view; thirdly, the present international situation puts the accent on airpower *not* on civil aviation.

The ultimate civil aviation objective of the United States Government remains, as before, the development of worldwide air transport on the basis of factual and operational reciprocity with the least possible restrictions consistent with national security. It is possible that the proposed course of action may build up sufficient pressure to persuade the Soviet of the advantage of a more cooperative attitude, although admittedly such a change in the foreseeable future appears remote.

(II) To implement this proposed course of action :

a. The United Kingdom, the United States and other countries cooperating in this course of action would refrain from concluding air agreements with the U.S.S.R. or its satellites and from exchanging or authorizing commercial flights to or through their territories until the ultimate objective defined in paragraph (I) above is in sight.

b. Any of these countries which have air transport agreements with certain countries would take such steps as are necessary and open to them to prevent the further exercise of rights under these agreements.

c. The United Kingdom, the United States and France would withdraw or suspend authorizations granted to certain countries for commercial services involving overflight or landing in their respective occupation zones of Germany and Austria, and would refuse to grant such permits in the future.

d. The sale and export to the U.S.S.R. and her satellites, directly or indirectly, of aircraft, engines, spare parts and electronic equipment used in connection with aircraft operations would be prohibited.

e. The use of facilities for overhaul, refitting and maintenance to the aircraft of the U.S.S.R. and her satellites would be denied.

(III) The suggested course of action would apply to the U.S.S.R., Poland, Czechoslovakia, Hungary, Yugoslavia, Rumania, Bulgaria and Albania. So long as the present situation as regards Finnish-Soviet relations remains unchanged it is felt that Finland should be considered as a special case and the measures of containment should not be applied to her. However, it is believed desirable that any air

agreement which a cooperating country may conclude with Finland should be subject to cancellation on short notice; and that the sale of any kind of aviation equipment to Finland should be closely scrutinized and adequately protected against possible diversion to the U.S.S.R. or a Soviet-controlled airline.

We believe that the proposed course of action and the measures of implementation should be put into effect by the cooperating countries with as little publicity as possible. It is recognized that the adoption of a course of action on so broad a front as is envisaged cannot be kept secret. At the same time it is believed its effectiveness would be enhanced by taking the necessary steps with the minimum publicity. By refraining from announcing a policy or course of action, we would avoid, or at least delay, reaction in the form of hostile propaganda or retaliatory measures by the countries affected. Moreover, this tactic would permit quiet and inconspicuous relaxation or retraction in case this course of action is effective in penetrating the iron air curtain.

8. In formulating this proposal, we have taken into account the following considerations:

a. The effectiveness of the proposed course of action depends upon the obtaining the agreement of a number of countries in Western Europe, the Near and Middle East to cooperate fully in all phases of implementation. To secure such agreement is admittedly difficult, but it is believed that the identity of national security interests is a sufficiently strong motive for agreement. It is also evident that through our control of the airspace over Germany and Austria and the participation of key periphery countries, this course of action can be made effective even without the cooperation of all countries whose participation may be desirable.

b. The proposed course of action involves the risk of retaliatory measures and hostile propaganda by the countries affected and, possibly, though by no means necessarily, of adding to the tension between the West and the U.S.S.R. On our part, we are prepared to assume these risks.

c. The proposed course of action, if put into effect, will probably not accomplish its objective immediately; neither can we expect 100 per cent effectiveness. However, the choice between taking the initiative and using what leverage we have and on the other hand doing nothing, would appear to be obvious. It is the view of the United States Government that positive action should now be taken.

9. Should the Government of the United Kingdom agree with the Government of the United States upon a positive course of action, it is further proposed that the two governments consult at once upon the means to be employed in obtaining the widest cooperation of the other Western European, Near and Middle Eastern countries.

LONDON, July 19, 1948.

711.4027/7-2148: Telegram

The Ambassador in the United Kingdom (Douglas) to the Secretary of State

SECRET

LONDON, July 21, 1948—3 p. m.

3302. Second meeting in Foreign Office on satellite aviation policy confined further elucidation of problem on basis *aide-mémoire* given British Monday.¹ Both issues of air rights and equipment were further explored. Questions asked by British indicated effort to build case for presentation to higher authorities rather than objection to proposed policy. We purposely refrained from pressing speedy decision but indicated need for high priority consideration. Makins concluded by saying proposed policy of such major importance especially in light Berlins situation, it must be discussed with Chief of Staff and other top-level political authorities and by assuring US that "most sympathetic considerations" will be speedily given to it. Foreign Office will notify Embassy as soon as their views formulated.

Our aggregate impression from Saturday's, today's meeting is British reaction on whole favorable although they may have reservations regarding difficulties securing cooperation of other countries and limits of effectiveness of policy. Except Watson, British conferees did not appear appreciate fully present disbalance between air relations Soviet and western worlds which further non-action and tolerance bound to accent. We are sending memo of conversations and *aide-mémoire* by pouch.

Barringer left for The Hague, departing from Amsterdam for States Friday evening. Deak returning Bern Thursday to await Dept's instructions in light Athen's 1371, July 20 to Dept.

DOUGLAS

¹ Telegram 3246, July 17, from London, not printed, reported that American and British officials met at the British Foreign Office on the morning of July 17 to consider the proposed revision of joint satellite aviation policy set forth in document NSC 15/1, July 12, *ante*, p. 451. Present at the July 17 meeting were, on the British side: Roger M. Makins, Superintending Under Secretary of State of the General Department of the Foreign Office, John H. Watson, Assistant Head of the Southern Department of the Foreign Office, Alexander A. W. Landymore and James D. Murray of the General Department, and Sir George Cribbett, Deputy Secretary of the British Ministry of Civil Aviation. Present on the American side were: J. Paul Barringer, Deputy Director, Office of Transportation and Communications, Department of State, James C. Sappington, First Secretary of the Embassy in London, Francis Deak, and Livingston Satterthwaite, Civil Air Attaché in London. The *aide-mémoire* under reference here is printed *supra*.

711.4027/7-2248 : Telegram

The Secretary of State to the Embassy in Rome

SECRET

WASHINGTON, July 22, 1948—6 p. m.

1950. Suggest Itals be urged continue to stall off Yugos re air agreement (Embtel 3099, July 20)¹ and be requested again (if Emb believes necessary) confirm their willingness check with US before making any commitment, formal or otherwise, to Yugos or other satellites re civil air rights.

For Emb info only, Dept hopes to line up Itals and other key countries along Soviet sphere periphery in effort erect "Common Front" counter-curtain envisaged in new US aviation policy toward USSR and satellites as soon as possible after policy implementation discussions currently being held in London with Brit are successfully consummated. In meantime, Dept hopes (and is so advising missions concerned by Deptcirtel) periphery missions will endeavor, if in their opinion appropriate and without revealing nature or objective of new US policy, persuade countries to which accredited hold line against any further expansion air operations by satellite carriers.

Sent Rome as 1950, rptd Bern as 1023, and London as 2882.

MARSHALL

¹ Not printed.

759.60C27/8-248 : Telegram

The Ambassador in Denmark (Marvel) to the Secretary of State

SECRET

COPENHAGEN, August 2, 1948—6 p. m.

718. Pursuant Deptel 493, July 30,¹ efforts to contact Danish Foreign Minister² Saturday unsuccessful. In absence Foreign Minister, talked today with director of Foreign Office Dahl, and asked him whether a further delay could be made by Danish Government in answering formally Polish note regarding reciprocal air concessions at Copenhagen and Warsaw. When he asked me whether I could present the American views, I admitted I could not. He thereupon stated he would see if Danes could delay formal action but pointed out they were already orally committed and emphasized US views should be forthcoming immediately in view of passage of time of week's grace.

¹ Not printed; it instructed that the Embassy again urge the Danish Government to delay granting formal approval of Polish air operations to Copenhagen (857.79660C/7-2748).

² Gustav Rasmussen.

Department was advised by mytels 657, July 12 and 660, July 13³ regarding Polish-Danish air agreement. While I have received today statement of policy⁴ I cannot follow reason for applying it to such Polish-Danish arrangement, particularly when ECA Hoffmann⁵ is publicly proclaiming necessity of East-West trade, when Denmark considers air agreement simply an incident to such trade, when US position at Danube Conference⁶ advocates freedom of navigation in order to increase East-West trade and particularly when proposed arrangement is in accordance with principles of ICAO. Defiance of ICAO principles with Denmark will have damaging effect on US interests in Greenland weather station agreement which must be renegotiated in 1949.

If US policy regarding aviation is to "pierce the corporate veil" and consider all satellites as only a Russian entity, then such policy should prevail in other international aspects. If Poland is not an entity regarding aviation, then it is not an entity as a member of UN. Denmark will be most reluctant to do away with these legal fictions. Consequently it appears to me ill-advised to draw on our reservoir of goodwill with Danes in this connection and press them to go back on oral commitment (particularly when I am instructed not to disclose US purposes or policy for such pressure) when this reservoir must be drawn on to effect successfully Danish concurrence with US views on problems certainly as large if not larger than the present one of mutual concessions regarding weekly air services between two capitals in order to promote international trade. If a principal aspect of US policy concerns aircraft maintenance, then it is better to approach privately-owned DDL as in case of DC-6's (Embtel 679, July 19⁷). In any event furthest US can now go in my opinion is to suggest promptly and clearly the detailed obligations it wishes either contained in or omitted from formal Danish-Polish agreement.

MARVEL

³ Neither printed.

⁴ The reference here is to document NSC 15/1, July 12, 1948, p. 451, copies of which were forwarded to various missions.

⁵ Paul G. Hoffmann, Administrator for Economic Cooperation.

⁶ For documentation regarding the participation by the United States in the Conference to Consider Free Navigation of the Danube, held in Belgrade, July 30-August 19, 1948, see pp. 593 ff.

⁷ Not printed.

759.60C27/8-248 : Telegram

The Secretary of State to the Embassy in Denmark

SECRET

WASHINGTON, August 6, 1948—5 p. m.

506. Following comment applies Embtel 718 Aug 2:¹

(1) New policy (NSC 15/1),² personally approved by Commissioner Hoffman in National Security Council session, states (Para 3 in Conclusions) that seriously disadvantageous effects on European East-West trade, in so far as ECA countries are concerned, are not expected in view of relatively small monetary values involved.

(2) If Danes believe air agreement only incidental to East-West trade, suggest you endeavor change their minds by calling attention to facts and considerations involved in problem of civil aviation relations with USSR and its satellites.

(3) US advocacy of freedom of navigation at Danube Conference compatible with its consistent and continuing advocacy of freedom of the air which in turn is consistent with new policy which reaffirms US endorsement of orderly development international civil aviation on basis of reciprocal rights.

(4) Extenuating aspects of fact that proposed agreement follows ICAO principles become considerably diluted when full weight given to fact that party of second part is, in reality, USSR and not Poland.

(5) Advisability of restrictive action against Russia and its satellites in fields other than civil aviation thoroughly and carefully weighed during highest level considerations which led to present policy. Conclusions, concurred in by Dept, National Defense Establishment, Occupation Commanders Germany and Austria, and Members National Security Council, including President of US, were to effect that civil aviation should be treated as special case.

(6) Policy has two principal aspects:

- (a) Blocking Soviet and satellite civil air operations outside the iron curtain.
- (b) Embargo on export of aircraft parts and equipment from US and countries acting in concert.

Denial use of maintenance facilities to USSR and satellite aircraft is part of restrictive action called for in (b) above and as spelled out in Para 2g in Recommendations.

As soon as possible following Brit approval US policy (Deptel 493 Jul 30)³ Dept will transmit further instructions concerning approach to be made to Govt of Denmark. Such approach will include expression of US views concerning maintenance facilities.

¹ *Supra*.

² *Ante*, p. 451.

³ Not printed, but see footnote 1, p. 463.

In meantime, if unsuccessful in persuading Danes to withhold formal conclusion of air agreement with Poles until US has opportunity fully express its views, you should urge Danes insist upon escape clause under which proposed agreement could be terminated by either party on short notice.

MARSHALL

874.796102/10-1148

*The United States Embassy in France to the French Ministry of Foreign Affairs*¹

SECRET

PARIS, September 28, 1948.

No. 927

The Embassy of the United States of America presents its compliments to the Ministry of Foreign Affairs, and has the honor to refer to the Embassy's Note No. 850 of Sept. 13,² and to a personal conversation between the Ambassador and Mr. Chauvel³ concerning the sale of aircraft manufactured in France to Bulgaria.

This matter was the subject of a personal letter, dated September 24, from Monsieur Hervé Alphand to Mr. Railey, the Embassy's Civil Air Attaché.⁴

The Embassy is instructed by the Department of State to re-emphasize the importance which the Government of the United States attaches to the support which other nations may give to the American policy which is to prohibit the sale of all aircraft and aircraft components to the Soviet Union and the satellite nations. In addition to this question of policy, the Embassy would invite the Ministry's attention to the reports of the Balkan Commission⁵ and point out, in

¹ The source text was transmitted to the Department of State as an enclosure to despatch No. 1246, October 11, 1948, from Paris, not printed.

² In July and August 1948 it was learned that French industrial concerns had delivered seven small aircraft to Bulgaria and had also contracted for the sale to Bulgaria of three Junkers JU-52 transport aircraft, one of which had already been delivered. Expressions of the Department of State's concern regarding the sale of aircraft to Bulgaria were made to the French Embassy in Washington and to officers of the French Foreign Ministry during August. Acting on the instructions of the Department of State, the Embassy in its note No. 850, September 13, to the French Foreign Ministry (not printed; the text was included as an enclosure to despatch No. 1246, October 11, from Paris), the Embassy in Paris expressed the hope that the French Government would reconsider its policy of permitting the sale of aircraft to satellite states.

³ Jean Chauvel, Secretary General of the French Foreign Ministry.

⁴ The letter under reference from Hervé Alphand, Director General for Economic, Financial and Technical Affairs in the French Foreign Ministry to Civil Air Attaché Howard B. Railey, not printed, was transmitted to the Department as an enclosure to despatch No. 1246, October 11, from Paris. The substance of Alphand's letter is described in this note and in telegram 5179, October 3, from Paris, p. 469.

⁵ For documentation regarding the reports of the United Nations Special Committee on the Balkans, see pp. 222 ff.

response to Monsieur Alphand's observations that the first of the Junkers 52 aircraft already delivered is being used on a commercial air service, that the history of the recent war is replete with examples of the effective contribution which transport type aircraft can make to a military effort.

The Ministry's attention is further invited to Article XVII of the Bulgarian Peace Treaty,⁶ which expressly provides that:

"Bulgaria shall not acquire or manufacture civil aircraft which are of German or Japanese design or which embody major assemblies of German or Japanese manufacture or design."

The Embassy has been instructed to express the hope that the Ministry will find it possible to reconsider the question of the sale of aircraft and aircraft components to the Soviet Union and satellite countries, in the light of the foregoing observations.

⁶ For the text of the Treaty of Peace with Bulgaria, signed at Paris, February 10, 1947, see Department of State Treaties and Other International Acts Series No. 1650. For additional documentation regarding the efforts of the United States to achieve fulfillment of the Balkan peace treaties, see pp. 279 ff.

711.4027/10-148 : Telegram

The Chargé in the United Kingdom (Bliss) to the Secretary of State

SECRET URGENT

LONDON, October 1, 1948—6 p. m.

4340. Following verbatim text Foreign Office reply *aide-mémoire* re satellite civil aviation policy:

"1. His Majesty's Principal Secretary of State for Foreign Affairs¹ present his compliments to the United States Chargé d'Affaires and with reference to the *aide-mémoire* left at the Foreign Office on the 19th July last,² regarding new civil aviation policy towards the Union of Soviet Socialist Republics and its satellities, has the honour to inform him that the competent authorities of His Majesty's Government have given the proposals of the United States Government their most careful consideration.

2. With regard to the proposal that all operations by the airlines of the Union of Soviet Socialist Republics and its satellites into non-Curtain territory should be prohibited until the Soviet Government grant truly reciprocal rights in Soviet territory, His Majesty's Government fully share the United States Government's desire for the ultimate objective of securing ingress into the USSR itself. They find it difficult, however, to believe that the restrictions proposed would achieve this result in view of the determined opposition of the Soviet Government to the flights of foreign aircraft over Soviet territory (including those of their own satellites) and of their highly restrictive policy with regard to internal civil aviation.

¹ Ernest Bevin.

² *Ante*, p. 457.

3. His Majesty's Government have carefully studied the arguments of the United States Government regarding the advantages of adopting the proposed policy on political and security grounds even if it failed to achieve the ultimate objective of ingress into the USSR, but they regret that they do not share the United States Government's assessment of the relative importance of these factors. If this policy were adopted, the United Kingdom would have to withdraw their present service to Prague and almost certainly their courier service to Warsaw, to the continuance of which they attach very considerable importance on political grounds. They are anxious to take all possible measures to penetrate into satellite territory, and feel that it would have a most depressing effect on the better disposed elements in both Czechoslovakia and Poland if they deliberately embarked on a policy of cutting down the opportunities for intercourse which these services give. They consider that at a time when the USSR is having difficulty with the satellites in its orbit, it would be politic to maintain, and wherever possible to improve, such lines of contact as exist between Western Europe and the satellite countries.

4. The rights of the occupying powers to operate services to Berlin by government-owned or controlled aircraft depend on agreements of a special kind which lie outside the scope of a policy designed exclusively to restrict commercial flying, but the Soviet authorities might be prone to disregard these distinctions and treat the application of the proposed policy as a pretext for closing or further interfering with the Berlin air corridors to the three Western Powers.

5. As regards security considerations, His Majesty's Government feel that so long as the USSR and its satellites maintain their present large diplomatic and other staffs in Western Europe, no great improvement in general security would result from the prohibition of Soviet controlled flights outside the Iron Curtain, while from a purely military point of view, they consider that the advantages to be gained would be of secondary importance.

6. As will be seen from the above, His Majesty's Government are hesitant to endorse the proposed policy on its own merits, and, if it were approved, they feel that the policy might be extremely difficult to coordinate with the other countries whose cooperation would be required. While agreeing with the United States Government that a measure of effectiveness might be secured without the cooperation of all the countries whose participation might be desirable, they feel that it would be essential to secure the whole-hearted cooperation of at least the main operators of commercial air services to Eastern Europe, namely, France, the Netherlands, Belgium and the Scandinavian countries, and probably also certain of the countries of the Middle East. They believe that several of these countries attach a degree of importance to the continued operation of these services which would preclude their agreeing to adopt this policy, but they recognize that this must remain a matter of opinion until put to the test by consultation.

7. His Majesty's Government are most anxious to concert their policy with the United States Government in a matter of this nature involving relations with the USSR and its satellites, and would therefore prefer not to discuss it in a wider forum until their respective standpoints have been reconciled. They would be ready to have a fur-

ther exchange of views should the United States Government consider this to be advantageous.

8. His Majesty's Government wish, however, to emphasize that they continue to attach the highest importance to restricting the operation of Soviet and satellite airlines to the maximum extent which takes the foregoing factors into account. Their policy has been to grant to the USSR and its satellites only the minimum concessions necessary to secure their own requirements, and they have been successful in persuading other countries outside the Soviet orbit to follow the same course: in this they attach particular importance to the prevention of flights by Soviet and satellite aircraft to the Middle and Far East.

9. His Majesty's Government are in full agreement with the United States Government regarding the desirability of concerting action with the governments of countries outside the Iron Curtain in order to prohibit the sale and export to the USSR and its satellites, either directly or indirectly, of aircraft and associated equipment and to prevent the use by their aircraft of facilities for overhaul, refitting and maintenance. They would welcome further consultation with the United States Government on means to be employed to achieve these ends."

BLISS

711.4027/10-348 : Telegram

The Ambassador in France (Caffery) to the Secretary of State

SECRET URGENT

PARIS, October 3, 1948—1 p. m.

5179. Regarding Embassy's 4859 of September 16.¹ Foreign Office has replied by note stating they have instructed French Embassy Washington to furnish Department their detailed observations and reasons why they feel delivery Junkers must be completed.² Note repeats earlier arguments regarding insignificance from security point of view, and adds that these planes were made in 1947 and sale completed December 1, 1947 and hence not affected by ECA act of April 3, 1948 (full text being forwarded by despatch).

For Department's information this was first formal reply to Embassy's note on matter, but Alphand wrote personal letter to Embassy's representative two days before implying French intended complete deliveries.³ Embassy regarded Alphand's letter as clear indication of rejection of our position and, acting on instructions in Deptel 3439 of September 3,¹ wrote Foreign Office a second note underlining the importance we attached to question and calling attention to provisions Bulgarian peace treaty. In reply, Foreign Office states Article 17 does

¹ Not printed.

² The French Foreign Ministry note under reference, dated October 1, 1948, not printed, was in reply to the Embassy's note of September 28, p. 466. A copy of the French note was transmitted to the Department as an enclosure to despatch 1246, October 11, from Paris, not printed (874.796102/10-1148).

³ Regarding Alphand's letter of September 24 to Civil Air Attaché Railey, see footnote 4, p. 466.

not apply, contending it must be read with Article 16 which shows intent to be prevention of Germany from taking steps outside German territory toward rearmament. Informally Alphand insists Junkers must be delivered although states willingness avoid any future aviation commitments to satellites.

Ambassador Bonnet just returned to Washington and we believe he fully instructed before departure for purpose of calling personally on Norton.⁴ As reported we have sidestepped Foreign Office request for statement of our general aviation policy and extent to which it was being pushed in other nations (Embtel 4629 of September 5⁵) and if they have learned of policy from other sources (Embtel 5069 of September 28)⁶ representations by French Embassy Washington might include fishing expedition as one of motives. Therefore, if Department should decide, as result importance French attached to question, to inform French Embassy regarding overall satellite policy would urge we be informed Niact so we might simultaneously inform Foreign Office so as to avoid question of our good faith when time comes to negotiate French acceptance.⁶

Sent Department 5179, repeated Sofia as 46, Bern as 65.

CAFFERY

⁴ Garrison Norton, Assistant Secretary of State for Transportation and Communications.

⁵ Not printed.

⁶ Telegram 4116, October 21, to Paris, not printed, instructed Ambassador Caffery as follows:

"Emb authorized advise Alphand informally US, while it does not agree JU-52's have no military value, nevertheless willing withdraw objections delivery ref aircraft Bulgaria, in view French position cancellation contract already concluded would create serious difficulties, and that US understands French willing prohibit sale further aeronautical equipment USSR and Satellites. Pending results imminent discussions Brit most effective means implementing equipment and facilities aspect NSC 15/1 as well as timing such steps implementation, basis your further talks Alphand should continue be ECA policy and not NSC 15/1." (874.796102/10-1948)

711.4027/10-1148 : Telegram

*The Counselor of the Department of State (Bohlen) to the Director of the Policy Planning Staff (Kennan)*¹

SECRET URGENT

PARIS, October 11, 1948—5 p. m.

5302. While I have not gone into full detail of questions raised in British reply concerning civil aviation policy (your 3864 September 29² and London's 4340 to Dept³), I feel that it might be well to have

¹ This telegram was transmitted through the facilities of the Embassy in Paris. Bohlen was serving as an Adviser on the United States Delegation to the Third Session of the General Assembly of the United Nations which opened in Paris on September 21, 1948.

² Not printed.

³ October 1, p. 467.

a thorough re-examination of NSC policy paper of last July on this subject.

As I see it, the problem divides itself in two parts, (1) transport and the reciprocal operation of commercial flights with the satellite countries, and (2) the question of sale and export to USSR and its satellites of aircraft or aircraft equipment and facilities for overhaul. As to (2), the British are apparently in agreement with us and we should therefore press forward and try to implement the NSC policy on this point with the other Marshall Plan countries.

As the British *aide-mémoire* reveals, our chief difficulty in carrying out the NSC policy on transport will be to obtain consent of the European countries to cancel or abolish existing and reciprocal civil air arrangements with the satellite countries. I am by no means sure that politically it would be wise for us at this time to exert pressure on them to get them to cancel these arrangements on the ground indicated, namely, that the USSR itself does not accord any reciprocal facilities of any kind. Any such attempt on our part would probably be very much resented and certainly exploited by Communist propaganda as proof that by the Marshall Plan we were in effect attempting to dictate the external relations of the recipient countries.

As to security, I gather that the French feel with the British that this does not present an unmanageable problem since adequate control could be exercised at the designated port of entry and departure.

I hope to have soon a meeting with Deak who will probably come up from Bern in order to go into the matter more fully but I wish you would have a new look at the policy in regard to transport only and let me have your views.

[BOHLEN]

711.4027/10-1548 : Telegram

The Ambassador in France (Caffery) to the Secretary of State

SECRET

PARIS, October 15, 1948—11 p. m.

5402. From Satterthwaite, Deak and Railey.

1. Although British reply (London 4340 October 1) in most respects negative Paragraph Nine concurs in suggested prohibition sale of aircraft, components and associated equipment to certain countries as well as denial by western powers of maintenance and overhaul facilities for satellite aircraft.

2. We therefore strongly recommend that Department proceed soonest possible with implementation this portion of policy. Regarding procedure for implementation following submitted for Department consideration: that Embassy London be instructed to inform the British that we are proceeding on the basis of the agreement ex-

pressed in Paragraph Nine of their reply and that we plan immediately to approach other western European countries. The London Embassy would repeat to Paris, Bern and Stockholm its telegram to the Department reporting on their conversations with the British and if the British reaction is satisfactory then Departments representatives in those countries could proceed immediately with representations to the governments to which they are accredited.

The Department may wish to instruct London Embassy concurrently to inform British that we are reserving our comment on their response to the transport phase of the satellite policy.

3. Practicality of this procedure is supported by Alphand's informal indication (in course of discussion Bulgarian plane deal) of French willingness to endorse a policy of no further sales aeronautical equipment to satellites (Embtel 5179, October 4 [3]).

4. Necessity of speedy action indicated by: difficulties in connection with French aircraft sale to Bulgaria; report of subsequent British sales effort of de Havilland in Sofia; Yugoslav manoeuvre to procure British jets through Swiss and Spanish middlemen (Bern's 1319, October 6)¹; increasing pressure society British aircraft constructors and British Board of Trade to expand exports British aircraft at any cost; plus imminent possibility that Sweden will make intensive effort sell new Scandia transport to certain countries. Department will also recall pressure on KLM by satellite countries to make use of their extensive overhaul facilities.

5. The foregoing is fully concurred in by Ambassadors Caffery, Harriman² and Matthews³ as well as by Bohlen and Reinhardt.⁴

Sent Department 5402, repeated London 1066, Bern 71. [Satterthwaite, Deak and Railey.]

CAFFERY

¹ Not printed.

² W. Averell Harriman, United States Special Representative in Europe for the Economic Cooperation Administration, with the rank of Ambassador.

³ H. Freeman Matthews, Ambassador in Sweden.

⁴ G. Frederick Reinhardt, Chief, Division of Eastern European Affairs, Department of State.

711.4027/10-2148 : Telegram

The Acting Secretary of State to the Embassy in the United Kingdom

SECRET

WASHINGTON, October 21, 1948—6 p. m.

4030. Pursuant Depts 4048 to Paris Oct 16¹ Dept desires Emb London with assistance Satterthwaite, Deak and Railey inform Brit US has carefully considered FonOff reply Satellite Aviation Policy (London's 4340 Oct 1) and proposes following:

¹ Telegram 4048, from Kennan to Bohlen, not printed.

1. US willing leave question Satellite flights Western Europe in abeyance with understanding US, while not retreating from its previous position, does not desire press this aspect policy further for time being. Until views our respective govts this phase policy have been reconciled US concurs with Brit (para 7 FonOff Note) such portion policy should not be discussed with other countries by either Brit or US.

2. US notes Brit concurrence desirability common front action re sale equipment and facilities and desires in accordance Brit suggestion consider with Brit most effective means prompt implementation and timing thereof.

3. Importance Brit attach prevention Satellite air operations Middle and Far East leads US believe Brit would be willing, in view proposed suspension question Satellite air operations Western Europe, support intensified efforts persuade countries this segment Soviet periphery block Soviet and Satellite flights. US would welcome Brit views re best means accomplish this objective.

Re Paris' 5402 Oct 15 Dept concurs Emb London should rpt to Paris, Bern and Stockholm, as well as other US missions Western European countries which US-Brit discussions indicate should be approached re equipment and facilities aspect NSC 15/1,² its telegraphic report to Dept. Believe preferable Western European posts not proceed with representations until Depts insts can be transmitted in light report of Brit discussions.

Telegraphic travel orders Railey (Deptel 3810 Sep 29)³ will follow.

LOVETT

² *Ante*, p. 451.

³ Not printed.

711.4027/10-3048 : Telegram

The Ambassador in the United Kingdom (Douglas) to the Secretary of State

SECRET

LONDON, October 30, 1948—7 p. m.

4688. Following comments regarding British position as expressed in Embtel 4687, October 30¹ submitted by Railey, Deak, Satterthwaite:

(1) Memorandum intended to supply full background information

¹ Pursuant to instructions in telegram 4030, October 21, to London, *supra*, American representatives began discussions with British Foreign Office officials on common Satellite aviation policy. These discussions resulted in the drafting of a memorandum which the Foreign Office proposed to send to all British Missions with appropriate covering instructions. The British hoped that the Department of State would send identical memoranda to American Missions. The draft text of the proposed memorandum was included in telegram 4687, October 30, from London, not printed, and the text of the draft instructions was included in telegram 4959, November 22, from London, not printed (711.4027/10-3048 and 740.4127/11-2248). For the texts of the memorandum and the accompanying instructions as subsequently slightly amended and agreed upon by the U.S. and British Governments, see the enclosures to instruction of January 5, 1949 to Certain Diplomatic Officials, p. 481.

and policy guidance. Individual despatches transmitting memorandum to missions will instruct them to consult with US Mission on technique of implementation. (Text proposed instructions will be telegraphed beginning next week for Department's information and comment and help to prepare parallel instructions to our missions.) Instructions to Middle East countries will clearly indicate objective is complete containment.

(2) Following special cases raised by British desiring Department's views.

(a) Spain. British recognize Spain might be used as intermediary for indirect sale equipment to satellites but inasmuch as they expect shortly to open negotiations for air transport agreement with Spain, they are reluctant to raise another aviation problem at this time and intend send copy to Madrid information only. British asked if US prepared to approach Spain without their assistance to enlist her cooperation.

(b) British raising question adoption this policy with governments of Canada, South Africa, India, Pakistan, they indicated they would like US make similar representations as they feel this would strengthen their hand. Same applies to Egypt.

(c) Iran. British believe account should be taken of Iran's special position resulting from her proximity to USSR. It was suggested Iran may be urged to refuse satellite but merely restrict so far as practicable Soviet operations at same time refusing Soviet operations beyond Iran.

(d) Ceylon, Siam, Burma. British see no necessity for approaching at this time.

(e) China. Subject FonOff Far Eastern Division views British agree desirable obtain Chinese concurrence.

(f) Latin-American countries will not be approached. We pointed out that some Latin-American registered aircraft now suspected of engaging in illicit operations and might subsequently find their way back of curtain. Hence we believe British would join with US in Latin-America if we so request.

(3) As will be observed in memorandum to their missions, British go much further on transport aspect of policy than their October 1 reply² indicated. It became evident from discussions and reflected in memorandum itself, that insofar as British themselves are concerned, divergence from our position is limited to their desire to retain their (1) courier service to Warsaw and (2) commercial service to Prague. However, British have not yet agreed to persuade other western European countries to give up, or to start minimum services to satellites so long as it meets conditions of subparagraph (a) of paragraph 7.

² For the text of the reply under reference here, see telegram 4340, October 1, from London, p. 467.

Sent Department 4688; repeated via air pouch Paris 821, Bern 54, Stockholm 93, Berlin 577.

DOUGLAS

711.4027/10-3048: Telegram

The Acting Secretary of State to the Embassy in the United Kingdom

SECRET

WASHINGTON, November 5, 1948—7 p. m.

4214. Dept has following comments re procedure suggested ur 4687 and 4688 Oct 30¹ for implementing with Brit support certain aspects NSC 15/1:²

(A) 1. US policy (NSC 15/1) calls for (a) containment Soviet and Satellite air transport operations, and (b) prohibition sales aviation equipment and denial use maintenance facilities to Soviet and Satellites, both on common front basis.

2. Brit, Dept understood, agreed with US policy as to (b), but, as to (a), only so far as Middle and Far East were concerned.

3. Dept then proposed (Deptel 4030 Oct 21) move ahead far as possible on agreed points, reserving others for further discussion.

4. Memo quoted Embs 4687, however, has effect placing US position accepting Brit policy, does not leave unsettled points in abeyance and would appear be inconsistent with US-UK mutual understanding that portion of policy on which disagreement still exists should not be discussed other countries until UK and US views reconciled. Even though memo intended as "background" and would be supplemented by "instructions", virtually complete UK-US agreement is, in Depts opinion, indicated.

(B) 1. Re (A)2 above, Depts 4030 Oct 21 may not have made sufficiently clear that in taking Brit up on their apparent willingness support further US efforts persuade Middle and Far East countries block Soviet and Satellite flights, Dept saw no possibility approaching such countries, either alone or with Brit backing, on anything resembling common front basis so long as Brit views re Satellite flights Western Europe persisted. Dept expected FonOff and Emb would explore possibilities approach which would take this factor into account. Quoted memo which FonOff apparently favors would appear be designed for common front approach, and, as indicated (A) above is geared to Brit views.

2. Dept inclined believe only presently feasible approach to countries concerned to block Soviet and Satellite air operations to Middle

¹ Telegram 4688, October 30, from London, *supra*. Telegram 4687, October 30, from London, is not printed, but see footnote 1, p. 473.

² *Ante*, p. 451.

and Far East (US particularly anxious, of course, block CSA flights to Greece and Turkey) is along line that Greeks, Turks, etc. should take such action in their own best interests because they have everything to lose and nothing to gain in permitting continuance such flights. Such approach would be weaker, of course, than common front approach called for in NSC 15/1 but in Depts opinion it could, and perhaps should be utilized.

3. Re sale of equipment and facilities aspect, ECA now advises Dept negotiations with seven of sixteen ECA countries already initiated and remaining nine scheduled within next several weeks with whole job expected be completed end Nov. Dept wonders therefore whether, insofar as ECA countries are concerned, East-West trade talks should not effectively take care blocking sales aircraft and components.³ Therefore if Emb and FonOff agree, Dept suggests this aspect problem be narrowed to preparation by Emb and FonOff of draft parallel instructions to respective missions in (a) non-ECA supplier countries and (b) countries with maintenance and overhaul facilities. To extent practicable and desirable believe such draft instructions should incorporate portions of paras 3 through 6 quoted memo ur 4687 in order preserve expression Brit willingness acknowledge existence and seriousness dangers Soviet and Satellite aims.

Dept will appreciate Emb report of Brit reaction to foregoing views.⁴

LOVETT

³ For documentation regarding United States policy with respect to trade with the Soviet Union and Eastern European Satellites and the negotiations with the ECA countries under reference here, see pp. 489 ff.

⁴ This telegram was repeated to Paris as 4315 and to Bern as 1509.

711.4027/11-948 : Telegram

The Chargé in the United Kingdom (Holmes) to the Secretary of State

SECRET

LONDON, November 9, 1948—7 p. m.

4802. Memo quoted Embtel 4687, October 30¹ prepared jointly by Foreign Office and Embassy. In Embassy's opinion text thereof consistent with NSC/15 insofar as area US-UK agreement on satellite air policy concerned. Paragraph (B)1 Deptel 4214, November 5² indicates Embassy may have misunderstood Deptel 4030, October 21³

¹ Not printed, but see footnote 1, p. 473.

² *Supra*.

³ *Ante*, p. 472.

regarding extent and form joint US-UK action block satellite flights Middle East. We believe essential that US position this point be absolutely clear before additional discussions with British. Further approach to Foreign Office, therefore, will await receipt Department's views on following comments reference Deptel 4214.

A. CONTAINMENT

(1) British do not agree regarding desirability complete exclusion satellite carriers Western Europe but are in hearty accord regarding denying satellites access Middle and Far East.

(2) Following British unwillingness proceed implementation NSC/15 *in toto*, Embassy understood Department desired accomplish maximum progress possible toward such objective.

(3) Paragraph 1 Deptel 4030, October 21 stated "US willing to leave question satellite rights Western Europe in abeyance . . . does not desire press this aspect policy further for time being". Same paragraph states ". . . such portion policy (satellite flights to Western Europe) should not be discussed with other countries by either British or US" until such time as we have reconciled our differences this connection.

(4) Paragraph 3 Deptel 4030, October 21 correctly pointed out UK would probably be willing assist in containment satellite flights to Middle and Far East and requested British views.

(5) UK then agreed joint approach with US to Turkey, Greece and other governments this area in order prevent satellite flights eastwards. This course of action would seek accomplish one objective NSC/15 and at same time would not prejudice question satellite flights to Western Europe which is to be subject further discussion between US and UK.

(6) Reference Paragraph (1) Deptel 4030, October 21 above procedure would leave in abeyance sole remaining unsettled point, i.e. satellite flights to Western Europe. Approach to Middle and Far East Governments by US and/or UK would, of course, not be discussed with Western European Governments.

(7) Memo quoted Embtel 4687, October 20, drafted jointly by Foreign Office, Railey, Deak, Satterthwaite and Lister, not intended imply US has accepted UK policy regarding flights to Western Europe. It merely attempts set forth substantial area of agreement achieved between US and UK regarding satellite policy. Embassy agrees, however, draft memo should be revised (presumably in Paragraph 2) amplifying "certain procedures" put forth by US. Foreign Office in all probability willing leave such drafting changes to US.

(8) Reference Paragraph (B)2 Deptel 4214, problem appears one of definition. Embassy believes "common front approach" contem-

plated in NSC/15 means approach (to Greece, Turkey, etc., in this case) by those governments which have common objective in mind (UK and US).

(9) In summary, Embassy strongly believes US should seize upon all aspects of NSC/15 in which UK agrees and seek early and effective implementation thereof. We believe early action on agreed points is preferable to postponement attempt make Middle Eastern portion containment policy effective unless and until UK agreed regarding Western European portion.

B. SALE OF AVIATION EQUIPMENT

Reference Paragraph (B) Deptel 4214, Embassy and ECA Missions here still strongly believe best course of action is to handle sale of aircraft and parts in approaches to other governments as part of satellite air policy (London Toeca 342⁴ and phone conversation⁵ Satterthwaite and Prentice⁶ with Norton October 28) for following reasons:

(1) Aviation items for which export Eastern Europe prohibited in satellite air policy are broader than those ECA Item A list, e.g. radio range equipments;

(2) On basis ECA London experience negotiation Item A and Item B lists⁷ will take considerable time with each OEEC country, hence excluding subject of sales from separate approach on satellite air policy to OEEC countries might delay over a long period its full implementation. Complete Item A and Item B lists will not be given nine countries until after UN Committee Two meeting⁸ (Washington Repto 1422 and 1483)⁹ and British not even able discuss details of lists with these countries until then;

(3) Active British support pledged for aircraft and parts restrictions but British as yet reluctant exert pressure OEEC countries on Item A list generally (London Torep 295, repeated Toeca 368).¹⁰

⁴ The message under reference here, from London to the Economic Cooperation Administration in Washington, is not printed.

⁵ No record of this telephone conversation has been found.

⁶ Edward Prentice, Acting Assistant Chief, Aviation Division, Office of Transport and Communications.

⁷ The reference here is to two secret lists of strategic export items utilized in connection with the policy to control exports of strategic significance to Eastern Europe. For the definition of policy transmitted to American representatives negotiating with ECA countries for the control of exports to Eastern Europe, see telegram 3848, September 28, to Paris, p. 569. For an account of these negotiations, see the extract from *Current Economic Developments*, No. 178, November 22, 1948, p. 585.

⁸ The United Nations General Assembly's Economic and Financial Committee was considering the question of alleged discrimination in international trade which had been raised by the Polish Delegation to the General Assembly. Regarding this issue, see the editorial note, p. 588.

⁹ The reference here is to messages from the Economic Cooperation Administration in Washington to the United States Representative at the Organization of European Economic Cooperation; neither message is printed.

¹⁰ Not printed.

Therefore handling of restrictions on export aviation equipment apart from approach on Item A list will tend strengthen British influence in supporting these restrictions with OEEC countries.

(4) OSR has already approved treating aircraft and parts restrictions separately from rest of Item A for time being (Paris telegram 5402 to Department, October 15, repeated Bern as 71).¹¹

Department please pass above section B to ECA. Paris please pass pass OSR.

Sent Department, repeated Paris 856, Bern 58.

HOLMES

¹¹ *Ante*, p. 471.

711.4027/11-1148: Telegram

The Counselor of the Department of State (Bohlen) to the Director of the Policy Planning Staff (Kennan)

SECRET

PARIS, November 11, 1948—1 p. m.

5831. I have just seen Deptel 4315 of November 5 to Paris¹ and would question meaning of paragraph (B) 1. Does Department mean that even though we and British are in full agreement regarding desirability preventing satellite aviation penetration in Middle and Far East, we would refuse to approach countries in that area on a common front basis with British just because British have stated their unwillingness to join with us in endeavoring halt existing satellite services to Western Europe? I had understood that our aviation policy was motivated in very large part by security considerations. If this be so, is it wise to throw away the possibility of improving our security position in such vital areas as Middle and Far East just because British won't join with us in efforts to eliminate satellite air services in Western Europe?

Urtel 4048 October 16² to me suggested we should take British up on blocking satellites in East and leave question of Western Europe in abeyance. Can you tell me what accounts for apparently different view in Deptel 4315? Is it Department's fear that agreement on common front action in Middle and Far East may be interpreted as acceptance by US of British position regarding Western Europe transport question? I am informed by Railey, who was in London, that it was made amply clear and even repeated emphatically on several occasions in discussions with British that we were not retreating from our position but were merely not pressing point for time

¹ Same as telegram 4214, November 5, to London, p. 475.

² Not printed.

being. It is difficult to see how we jeopardize our position, therefore, by agreeing to a memorandum which is being sent only to our respective missions, especially since memo itself states that some features of proposals have been deferred for further discussions.

Sent Department 5831, repeated London 1233, Bern 883.

[BOHLEN]

711.4027/11-1348 : Telegram

The Acting Secretary of State to the Embassy in the United Kingdom ¹

SECRET

WASHINGTON, November 18, 1948—5 p. m.

4347. Reur 4802 Nov 9,² Paris' 5831 Nov 11,³ and Bern's 1521 Nov 13.⁴ Dept understands purpose memo quoted Embtel 4687 Oct 30 ⁵ is to afford record exchange of views, to indicate areas of agreement and to state respective positions respect to issues on which no agreement yet reached.

In order to reflect accurately US position Dept concurs Embs recommendation for revision para two. Dept also believes words "course of action" should be substituted for words "general policy" in para seven. This, in Depts opinion, will effectively remove any suggestion of compromise with NSC 15. If such changes made Dept would not object to transmission of memo together with accompanying instruction, drafts of which Dept awaits with interest.⁶ Meanwhile Depts views are:

(A) That implementation equipment aspect policy (and, of course, maintenance and overhaul phase) should be handled, to extent necessary, outside ECA. Specifically, Dept concurs with para B ur 4802 Nov 9.

(B) That despite confusion re use words "common front", approach re air transport operations in Greece and Turkey, etc. should be on basis outlined (B) 2 Deptel 4214 Nov 5 ⁷ in which approach US would expect and welcome UK concurrent and similar action. (Dept had in mind reference "common front approach called for in NSC 15/1" an approach in which Countries A and B would attempt persuade Country C adopt course of action or "front" which would be common to A, B, and C.)

LOVETT

¹ This telegram was repeated to Paris as 4454 and to Bern as 1552.

² *Ante*, p. 476.

³ *Supra*.

⁴ Not printed.

⁵ Not printed, but see footnote 1, p. 473.

⁶ Drafting the memorandum and the accompanying instruction was completed in London by American and British officials on December 6 and 7, 1948. For the final, approved texts of the two documents, see enclosures A and B to the circular Instruction of January 5, 1949, *infra*.

⁷ *Ante*, p. 475.

711.4027/1-549

*The Secretary of State to Certain Diplomatic Missions*¹

SECRET

WASHINGTON, January 5, 1949.

SIRS: The National Security Council approved on July 13, 1948 a policy paper (NSC 15/1)² entitled "U.S. Civil Aviation Policy Toward the U.S.S.R. and Its Satellites" (Circular instruction July 21, 1948).³ On July 17 the Department initiated discussions with the United Kingdom with the objective of securing the cooperation of that Government in implementing the policy set forth in NSC 15/1. The British reaction to the United States' proposals was not entirely satisfactory; since the support of the United Kingdom, in the Department's opinion, was essential, discussions have been protracted. However, the two Governments have now agreed upon a mutually satisfactory course of action and the enclosed Instruction (Enclosure A) and Memorandum (Enclosure B) entitled "United Kingdom/United States Civil Aviation Policy Towards the Soviet Union and Its Satellites", have been agreed to.

As indicated in Enclosure A, the Governments of the United Kingdom and the United States have agreed to make approaches to the governments of certain third countries and to transmit to their respective missions similar instructions with respect to the manner in which such approaches should be made. An additional enclosure (Enclosure C)³ lists the missions to which these instructions are being transmitted by the respective Governments either for action or information. All United States missions to which these instructions are being transmitted herewith for action have previously been provided with a copy of NSC 15/1; some of the United States missions to which these instructions are being transmitted for information have also received this NSC document. For the information of those missions which have not received the circular instruction dated July 21, 1948 an extract of NSC 15/1, containing the "Recommendations" therein stated, is enclosed as Enclosure D.³ Since the background memorandum (Enclosure B) adequately reflects all other important information contained in NSC 15/1 copies of the full NSC document will not be more widely distributed, for the time being at least.

It will be observed that the course of action agreed to by the British and the United States Governments is identical with the recommendations contained in NSC 15/1 so far as the prevention of the sale of aviation equipment and the denial of the use of overhaul and maintenance facilities to Soviet and Satellite aircraft are concerned. It will

¹ This instruction was sent to 67 posts.

² *Ante*, p. 451.

³ Not printed.

be noted, however, that the recommendations of the United States Government with respect to the containment of Soviet and Satellite air transport operations have not been accepted in their entirety by the British. The Department has made it clear to the British Government that the United States continues to believe that the containment measures called for in NSC 15/1 should be fully undertaken but has agreed to follow the modified course of action advocated by the British Government (Paragraph 7(a) Enclosure B) with the understanding that further discussions will be held between the two Governments with respect to this point.

In view of the fact that there is some overlapping between the aspect of our aviation policy which pertains to the prohibition of sales of aviation equipment to Soviet and Satellite States and State-ECA policy concerning the limitation of certain exports to Eastern European states from countries members of the Organization for European Economic Cooperation, officers receiving this instruction for action should closely coordinate with ECA missions, wherever appropriate, their approaches to the governments to which they are accredited.

United States missions receiving this instruction for action are requested to advise the Department promptly by cable of the receipt thereof, and similarly to report the results of action subsequently taken. Officers to which this instruction is being transmitted for information only are requested to advise the Department promptly if, in their opinion, any aspect of the course of action outlined in Enclosure A is applicable to any of the countries to which they are accredited.

Very truly yours,

For the Secretary of State:
GARRISON NORTON

[Enclosure A]

*Draft Instruction Prepared by American and British Officers*⁴

SECRET

[LONDON, December 7, 1948.]

UNITED KINGDOM/UNITED STATES CIVIL AVIATION POLICY TOWARDS
THE SOVIET UNION AND ITS SATELLITES

SIR, The enclosed memorandum sets out a course of action vis-à-vis the Soviet Union and its satellite States in matters relating to civil aviation which His Majesty's Government have agreed jointly with the United States Government to adopt, and which they hope to persuade other countries to cooperate with them in putting into effect.

⁴ Regarding the preparation of this draft instruction, see telegrams 4688, October 30 and 4802, November 9, both from London, pp. 473 and 476.

2. After consultation with your United States colleague, who will be receiving similar instructions, and provided you see no objection, you should approach, in whatever manner you and he think most appropriate, the Government to which you are accredited, and after explaining the views of His Majesty's Government, express the hope that it shares these views. You should go on to ask whether the Government to which you are accredited is ready to cooperate in the course of action proposed by His Majesty's and the United States Governments:

(a) by restricting the operating rights granted by it to satellite countries to the minimum necessary to secure its own essential requirements on a reciprocal basis, or, if it has no such requirements of its own, by refusing them ingress to its territory altogether; (we trust of course that the Government to which you are accredited would in any case refuse operating rights to a Soviet airline except in return for the grant of rights for its own airline to fly to Moscow or a route of comparable importance in the Soviet Union proper.);

(b) by denying all but the minimum facilities necessary for the operation of these satellite air services and for securing adequate facilities for their own services;

(c) by preventing the export, directly or indirectly, of aircraft and associated equipment from its territory to Soviet and satellite agencies;

(d) by preventing the use by Soviet and satellite aircraft of facilities for overhaul, refitting, or major maintenance.

You should add that His Majesty's Government would be glad to receive any observation which the Government to which you are accredited may wish to make on this course of action, and with regard to the best method of putting it into effect.

3. For the purpose of your approach, you should make use of the contents of the memorandum at your discretion, and you may, if you and your United States colleague see fit, communicate the text, in whole or in part, to the Government to which you are accredited.

4. For your own information you should be aware that the United States Government suggested to His Majesty's Government the desirability of containing completely the Soviet Union and their satellites by securing the agreement of all the surrounding countries to a policy of refusing ingress to all Soviet or satellite airlines. His Majesty's Government, however, came to the conclusion that such a policy is hardly practicable at the present time. For political and communications purposes they require to operate certain air services into satellite countries, and the policy of refusing ingress altogether would only result in the withdrawal of the operating rights for these services. Other Western European countries also operate services to points within satellite territory and His Majesty's Government believe that some of them may attach similar importance to the retention of these

services. Moreover, in the opinion of His Majesty's Government, a policy of containment so far as Western Europe is concerned would not be really effective since there are many alternative means of communication between Eastern and Western Europe. This question will, however, be the subject of a further exchange of views between His Majesty's Government and the United States Government.

5. Identical despatches are being sent for action to His Majesty's Representatives in all Western European posts (except Madrid) and in the Middle East. A copy of this despatch is being sent to His Majesty's Representative in Madrid for information. His Majesty's Representatives in Latin America, to whom copies are also being sent for information, are not at present being asked to raise the matter with the Governments to which they are accredited; but they may later be instructed to make representations in particular cases where the implementation of the policy appears to be adversely affected by transactions in Latin American countries.

6. The question of the adoption of this policy by the countries of the Commonwealth is being raised by His Majesty's Principal Secretary of State for Commonwealth Relations with His Majesty's Governments in these countries.

(This instruction, although set up in the form of a British Foreign Office instruction to its missions, has been jointly drafted and agreed to by the Governments of Great Britain and the United States, and is intended by the Department to serve as an instruction to United States as well as British missions.)

[Enclosure B]

*Memorandum Prepared by American and British Officers*⁵

SECRET

[LONDON, December 6, 1948.]

UNITED KINGDOM/UNITED STATES CIVIL AVIATION POLICY TOWARDS
THE SOVIET UNION AND ITS SATELLITES

The Governments of the United Kingdom and the United States have recently reviewed in consultation their policy towards the Soviet Union and its satellite States in matters relating to civil aviation. For this purpose the following have been regarded as satellite States: Albania, Bulgaria, Czechoslovakia, Hungary, Northern Korea, Outer Mongolia, Poland, Roumania and Yugoslavia.

2. During these consultations the United States Government put forward certain proposals for a joint policy. Although some features of these proposals have been deferred for further discussion, a wide

⁵ Regarding the preparation of this memorandum, see telegrams 4688, October 30 and 4802, November 9, both from London, pp. 473 and 476.

measure of agreement was reached between the two Governments. The following paragraphs of this Memorandum contain their analysis of the present position and their conclusions as to the course of action which should be adopted.

3. Some of the satellite countries, especially Czechoslovakia, have previously sought and made agreements for the exchange of air services on a reciprocal basis with countries outside Eastern Europe. While they remained comparatively free from Soviet control their air lines could be regarded as independent national enterprises; in conceding such air lines the right to fly from points in their national territories to points outside Eastern Europe in exchange for the right of other air lines to fly to points within these countries, it was possible to reach agreement with them on a basis of genuine reciprocity. The air lines of these satellite countries are, however, no longer independent but enterprises under Soviet domination; the Soviet authorities have acquired part of the share capital in them and a predominant voice in their management, and there is even reason to believe that in many cases the crews of satellite aircraft include Russian personnel. These air lines must therefore be treated for all intents and purposes in the same way as Soviet enterprises. In these circumstances there can clearly be no true reciprocity in allowing such an air line to fly to capital cities and points of comparable importance outside satellite territories in exchange for the right to fly not to a point within the Soviet Union itself, but merely to points on the periphery of the Soviet-controlled areas.

4. The two Governments have been particularly concerned with the consequences of the change in status of such air lines since Czechoslovakia entered the Soviet orbit, because this country had built up an efficient system of air services which it has continued since its absorption to endeavour to expand.

5. The two Governments have been keeping close watch on attempts by the Soviet Government to extend their influence by the establishment or expansion in certain areas of the world of semi-government Soviet agencies which, under the cover of official or commercial functions, carry on subversive propaganda and espionage. The establishment of Soviet or Soviet controlled services to these areas, apart from being in itself a means for the exertion of this influence, renders the working of such agencies more effective by providing rapid and easy communication between them and the Soviet Union. One of the areas to which particular attention has been paid in this respect is the Middle East.

6. Another feature which gives rise to some concern is the fact that the operation of satellite air services to countries outside Eastern Europe would in present circumstances afford facilities to members

of Soviet aircrews and to satellite nationals for gaining experience in flying over territory containing important strategic objectives.

7. The United Kingdom and the United States Governments have accordingly agreed to adopt the following course of action themselves and hope to persuade other countries to cooperate with them in putting it into effect:

(a) not to grant permission for satellite services to their territory beyond what is absolutely necessary as a *quid pro quo* to obtain such services as they require and are actually ready to operate into satellite territory;

(b) to deny all but the minimum facilities necessary for the operation of these satellite air services and for securing adequate facilities for their own services;

(c) to prevent (as the United Kingdom and the United States are already doing) the export directly or indirectly of aircraft and associated equipment from their countries to Soviet and satellite agencies;

(d) to prevent the use by Soviet and satellite aircraft of facilities in their territory for overhaul, refitting or major maintenance.

This policy should apply not only to scheduled, but also to non-scheduled charter and special flights, which the satellite air lines are likely to try to make whenever it appears to them easier to obtain in this way the rights they require.

8. It may be useful by way of illustration to explain what is already being done by the two Governments towards carrying into effect the course of action described in subparagraph (a) of the preceding paragraph. The United Kingdom Government operate a valuable military courier service to Warsaw and would be unwilling to jeopardize it by refusing corresponding facilities for a Polish service to London if the Polish authorities ever wished to operate one. However, they broke off negotiations for a civil aviation agreement with Yugoslavia because economic circumstances forced them to abandon the idea of operating an air service to the Balkan capitals, and they would refuse to discuss proposals for Yugoslav, Hungarian, Roumanian or Bulgarian air services to United Kingdom so long as they do not wish themselves to operate to these countries.

9. The United Kingdom Government feel it useful to have a British European Airways service to Prague, and are therefore obliged to allow a Czechoslovakian air service to London. The United Kingdom Government have however, been as little forthcoming as possible in their civil aviation dealings with Czechoslovakia since the *coup d'état*. Thus, they have decided to hold up their ratification of an Anglo-Czechoslovak Civil Aviation Agreement, which was signed before the *coup d'état* and has since been ratified by the Czechoslovak Government.

10. The United States Government concluded a bilateral civil aviation agreement with Czechoslovakia in January, 1946 and under the terms of this agreement Pan American Airways is operating a service to Prague. The Czechoslovakian Government has not requested operating permits for a reciprocal service to the United States and, under present conditions, it is not likely that such an operating permit would be granted if requested.

11. A further factor in civil aviation relations with Czechoslovakia is that the Czechoslovak Government is a party to the Chicago Air Services Transit Agreement which relates only to scheduled services. In view of this it is sometimes difficult for parties to this Agreement to deny transit rights, with or without landings, as distinct from traffic stops, for Czechoslovak air services, at any rate on reasonably direct routes through their territories. In certain circumstances, however, it would be possible for the Government concerned to refuse transit rights, for example:

(i) where it was not satisfied that Czechoslovakia was already entitled to operate a scheduled service with commercial rights at a point beyond the territory concerned;

(ii) where the proposed transit or landing was not operationally necessary for such a scheduled service;

(iii) where Article 4 of the Chicago Convention or Article I (5) of the Chicago Air Services Transit Agreement could be invoked.

Article 4 of the Convention which governs the Transit Agreement reads as follows:

"Each contracting State agrees not to use civil aviation for any purpose inconsistent with the aims of this Convention."

Article I(5) of the Transit Agreement reads as follows:

"Each contracting State reserves the right to withhold or revoke a certificate or permit to an air transport enterprise of another State in any case where it is not satisfied that substantial ownership and effective control are vested in nationals of a contracting State, or in case of failure of such air transport enterprise to comply with the laws of the State over which it operates, or to perform its obligations under this Agreement."

It is to be noted in this connection that the United Kingdom Government withheld permission for a Czechoslovak air service to begin operations through Palestine on a route to Baghdad and Tehran (although this route figured in the Annex to the United Kingdom/Czechoslovak Air Agreement), and they are delaying indefinitely consideration of a Czechoslovak request for transit rights at Bahrein and Sharjah on a proposed service to Pakistan and India. These special considerations, however, need not be taken into account in the case of the other satellites.

12. With regard to sub-paragraph (b) of paragraph 7 the minimum facilities which the two Governments have in mind would be the provision of fuel and temporary and minor servicing arrangements sufficient to enable the satellite aircraft to make the return journey to its country from the airport concerned.

13. With regard to restrictions proposed in sub-paragraph (c) of paragraph 7 the two Governments have found that export controls reinforced by good relations between themselves and manufacturers and exporters of aircraft and aircraft equipment in their countries have made it possible effectively to prevent the sale and export of aircraft and spare parts directly to Soviet or satellite agencies, but there is always the possibility that equipment sold to a purchaser may subsequently find its way by resale and re-export into the hands of Soviet or satellite agencies. Warranties that this shall not happen may be extracted from the purchaser, but it is inherent in the transaction that such warranties will rarely be enforceable in the courts of the vendor's country. The conclusion is that no country can by itself exclude the possibility of new or second-hand equipment exported by its nationals reaching countries to which it desires to deny them. To the extent however that agreement is reached among the Governments concerned that each of them will take steps to prevent the export or re-export of equipment to the Soviet Union and satellite countries, the individual national restrictions imposed in pursuance of this common policy will supplement each other and combine to produce an effective measure of containment.

14. It does not seem feasible to draw up a comprehensive list of the types of equipment which might for this purpose be denied to the Soviet Union and satellite countries. Such a list would almost certainly, in practice prove incomplete, and there would always be borderline cases on which one Government might desire to consult another. The two Governments have, however, in mind that, broadly speaking, not only aircraft frames and engines and spare parts for these should be subject to the policy, but also all accessories necessary to the operation of aircraft, including navigational aids and aerodrome equipment generally.

15. The two Governments believe that it would be desirable for themselves and other Governments who agree to cooperate with them in the course of action set out in this memorandum to keep each other informed of developments which affect its realization and to consult with each other whenever necessary.

UNITED STATES POLICY ON TRADE WITH THE SOVIET UNION AND EASTERN EUROPE ¹

Policy Planning Staff Files : Lot 64 D 563

Paper Prepared by the Policy Planning Staff ²

SECRET

[WASHINGTON,] November 26, 1947.

PPS 17

UNITED STATES EXPORTS TO THE U.S.S.R. AND THE SATELLITE STATES

Problem: To determine what position this Government should take at this time on trade with the U.S.S.R. and the Satellite States

BACKGROUND

1. On November 12, 1947, the Policy Planning Staff received from the Secretariat the paper entitled, "Immediate U.S. Economic Policy

¹ Additional documentation bearing in part on the question of trade with various Eastern European countries is included elsewhere in this volume. The reader should consult the index for references to these additional materials. Documentation on the measures considered and undertaken in connection with the control of exports of equipment and materials used in the production of atomic energy is included in volume I.

² This paper was submitted to Under Secretary of State Robert Lovett by George F. Kennan, Director, Policy Planning Staff, under cover of a memorandum of December 2, 1947 which in the main read as follows:

"The paper represents the views of the Staff alone, and I have the impression that Mr. Thorp [Willard L. Thorp, Assistant Secretary of State for Economic Affairs] would not agree with all of its conclusions. You may therefore wish to get his views before acting on it.

"You will see that we have thought it best to leave to the National Security Council the basic decision as to whether action along these lines should be taken at all at this time. This is a decision of importance to several other departments of the Government and one which has a definite national security angle. I think it should be taken after further discussion within the Security Council. I have therefore suggested that our paper be transmitted to the Council for the information of the other members and as a basis for further discussion."

A marginal notation on the source text indicates that this paper was not approved by Under Secretary Lovett.

The Policy Planning Staff was established in May 1947 for the purpose of assuring the development of long-range policy. The purpose, functions, and organization of the Policy Planning Staff were described in a Department of State press release, Department of State *Bulletin*, May 18, 1947, p. 1007.

The National Security Council (NSC) was established by the National Security Act of July 26, 1947 (PL 253, 80th Congress; 61 Stat. 495). It met for the first time on September 26, 1947. Council membership included the President, the Secretaries of State, Defense, Army, Navy, and Air Force, and the Chairman of the National Security Resources Board. The Director of the Central Intelligence Agency participated as an adviser. The duties of the National Security Council included the consideration of policies on matters of common interest to the departments and agencies of the Government concerned with the national security and the making of recommendations to the President in connection therewith.

toward Eastern Europe". This paper (EWP D-9/i) was prepared by a working group within the Department and is attached under Tab A. The comments of the Staff were requested.

The gist of this paper lies in the recommendation that while we should continue to restrict shipments of military significance and shipments which are in short supply, goods not in short supply, including capital equipment, raw materials and consumer goods, should be permitted to flow freely.

2. On November 14, the Secretary of Commerce submitted to the National Security Council a paper (Tab B) recommending (a) immediate termination of shipments from the U.S. to the U.S.S.R. and satellites of all commodities critically short in the U.S. or which would contribute to the Soviet military potential; and (b) that all exports to Europe should be placed under control and shipments should be permitted to go forward only when:

- (a) the country furnishes adequate justification for its requirements,
- (b) European recovery and world peace are served thereby, and
- (c) the position of the U.S. is not adversely affected.

3. Both of the above papers have been referred to the Policy Planning Staff for comment and recommendations.

FACTS BEARING ON THE PROBLEM

1. Although the U.S.S.R. does not exert complete economic domination over its satellites, Soviet control is sufficiently comprehensive to justify the U.S.S.R. and its orbit being regarded as an economic unit. The trend is in the direction of even closer integration.

2. U.S.S.R. economic policy is directed primarily at the increase of its military potential. Since the development of the European Recovery Program it has become evident that it is Soviet policy to do everything within its power to sabotage the ERP. In so far as circumstances permit the U.S.S.R. has sought to force its satellites to follow it in these two respects.

3. U.S. exports are not essential to the economic development of the U.S.S.R. and its satellites; they are important, however, to these countries. Critical items in this respect are Diesel and electric locomotives, precision instruments, cranes, some types of machine tools, electric generating equipment, blast furnaces, machinery for mines, and refineries.

4. U.S. imports from the U.S.S.R. and its satellites are neither vital nor of great importance to this country. The only important items are manganese ore, chromium, and iridium. Stoppage of manganese might diminish U.S. stockpiling; the loss of Soviet iridium might create a scarcity of that metal in the United States.

5. U.S. exports to the U.S.S.R. and its satellites during the first six months of 1947 totalled \$125 million, constituting 1.5 percent of total U.S. exports. A large proportion of these exports were accounted for by the carry-over of lend-lease, pipeline, and UNRRA shipments. These residual items have lately fallen off. U.S. exports to the U.S.S.R. in September amounted to approximately \$3 million and those to the satellites to about \$14 million.

6. In general, the U.S. is committed by treaties and agreements with the U.S.S.R. and eastern European countries not to engage in discriminatory practices against them and to extend to them most-favored-nation treatment.

7. In the current context of abnormal conditions under which international trade is being conducted these undertakings have not been scrupulously observed by the U.S.S.R. and its satellites; provisions concerning restrictions and prohibitions have not been enforced. Special arrangements, including exchange controls and restrictions which discriminate against the trade of some countries in favor of others, have been prevalent. There has been a general recognition throughout Europe that such arrangements must be tolerated while abnormal conditions exist in international trade.

8. Article 94 of the ITO draft charter provides that: "Nothing in this Charter shall be construed . . . to prevent any Member from taking any action which it considers necessary for the protection of its essential security interests . . . taken in time of war or other emergency in international relations".³

9. Under the provisions of the Second Decontrol Act of 1947, twelve percent of the items that enter into U.S. foreign trade are now under export control. This list does not include many items of machinery which the U.S.S.R. is continuing to purchase and which can contribute to the expansion of Soviet economic-military power. The Act is phrased with sufficient flexibility to permit virtually unlimited control over all shipments we may decide to place under license. Motivation for our action is not limited to the "short-supply" consideration. National interest may also be cited as grounds for holding up shipments.

DISCUSSION

1. There is general agreement that it is not desirable for U.S. merchandise or technology to go forward, directly or indirectly, to the Soviet Union or its satellites, where these shipments would increase Soviet military potential or operate to the detriment of the European recovery program.

³ For the text of the Draft Charter of the International Trade Organization of the United Nations, prepared by the Department of State, see Department of State Publication 2927, Commercial Policy Series 106.

2. There are, however, two main concepts of how this Government should proceed.

The first, which is reflected in the paper prepared in the Department of State, envisages the establishment of no special controls applicable to the European area alone and of no controls at all on goods *not* in short supply going to Russia and the satellite area. It takes account of the recent decline in exports to the U.S.S.R. and its satellites and anticipates that the operation of the European recovery program will increase the number of commodities in short supply and thus enable us to bring about a further restriction of goods flowing to these countries within the limits of present Executive procedure. The proponents of this concept believe that in this way some further curtailment would be achieved of shipments to the Soviet and satellite areas, but by means which could not raise any question of the propriety of our action in the light of the principles of non-discrimination and trade freedom which we have stood for in our international trade policies.

The second and more far-reaching concept, evolved in the Department of Commerce and in the staff of the National Security Council, calls for the screening of all exports to the entire European area, with the intention that only those shipments would be cleared which promote the purposes of European recovery and world peace, which do not affect adversely the position of this country, and which are adequately justified by stated requirements. Under this concept, there would be no appreciable loop-hole whereby any exports could flow to the Soviet Union or the satellite area unless they meet these requirements.

3. There is much to be said for each of these concepts. The first would undoubtedly be easier to reconcile with the letter of our stated position on international trade matters and of our international commercial engagements. It would not involve a new departure in U.S. policy and would not raise any new questions for international discussion. On the other hand, it would presumably leave without control a considerable body of U.S. exports to this area, including (particularly until passage of the new Munitions Control Bill) many items which would undoubtedly contribute to Soviet military potential and to the ability of the U.S.S.R. to sabotage the Marshall Plan. In most cases, it would not be practicable for us to institute controls of these items on grounds of short supply. If they were to be put on the controlled list, this would have to be done on straight grounds of military security and would raise strong considerations of political effect. In addition to this, it would establish a heavy contingent burden of screening these items for shipment to other parts of the world.

The second concept really enables us to close the door to all undesirable shipments to Russia and the satellites and to reply with assurance to critics who allege that shipments are going forward which are contrary to the national interest or to the interest of European recovery. On the other hand, it does raise serious questions as to its compatibility with the principles we have so strongly espoused in matters of general international trade. And it might well lead to charges that this country is embarking on a policy of embargoes and economic warfare just at a time when it is urging other nations at Habana ⁴ to accept the ITO Charter.

4. The opponents of this second concept also argue that its adoption would lead the countries of the Soviet area to curtail shipments to western Europe as a means of reprisal. The Planning Staff is not persuaded that this is a serious consideration. It feels that we must face the bitter fact that in present circumstances any increase in the economic strength of the Soviet Union and the satellite countries will be used to oppose, rather than to promote, the interests of real European recovery, unless some compulsion operates in the other direction. It believes that the chances for satellite cooperation with the European recovery program will be best if the satellite countries are pressed for trade with western Europe and are forced to seek it even at the price of making concessions to European recovery. To the extent that this Government supplies the U.S.S.R. and the satellite areas, without insisting on real *quid pro quos* from the standpoint of European recovery, it will be made easier for the Communists to oppose European recovery.

5. As for the reconciliation of a screening of exports to Europe with the ITO Charter and other U.S. treaty commitments, the Staff recognizes that this is a serious problem. It considers that such screening would be justified by a broad interpretation of the ITO draft charter. Real European recovery, conducted in the interest of the people themselves and not as part of the program of extending Communist political power, cannot fail to promote the objectives listed in Chapter 1, Article 1 of the Charter. Unless there is such recovery, it is hard to see how any of these objectives are to be achieved in the European area. If this is true, then it follows that we are not inconsistent in taking measures to assure that our shipments to the European area should not operate to the detriment of the recovery program.

A more serious problem exists in the most-favored-nation provisions embodied in our agreements with Russia and other European

⁴ For documentation concerning the participation by the United States in the World Conference on Trade and Employment, held in Havana, November 1947-March 1948, see volume I.

countries. The 1937 agreement with the Soviet Union,⁵ still in effect, contains, for example, the provision that products exported from the United States to the U.S.S.R. shall in no case be subject to any rules or formalities other than or more burdensome than those to which the like products may be subject when consigned to the territory of any third country. If, therefore, restrictions were to be placed on shipments to the Soviet Union, even in the form of export controls, the Soviet Government could claim that technically these restrictions constituted formalities more burdensome than those applying to countries not in the European area.

We would have to be prepared to meet this charge. We could do this by taking a broad view of the purposes of these agreements and by holding that our action was motivated by the overall considerations of achieving European recovery. It could be pointed out that the very necessity of an aid program of these dimensions makes it clear that the situation we are dealing with is not a normal one from the standpoint of international trade; that it might well be classified as the sort of emergency in international relations which is envisaged by Article 94 of the draft ITO charter; that it has been recognized many times in the past that in abnormal circumstances of this nature governments have been warranted in departing temporarily from the strict interpretation of the most-favored-nation principle; and that our overall purpose is to restore in Europe and throughout the world a state of affairs in which the needs of all nations could be adequately met by freely-flowing commercial exchanges.

6. It has been suggested, as an alternative to the plans discussed above, that it be required that exports from the United States to countries maintaining a complete state monopoly of foreign trade be carried out only through a United States Government agency, under such procedure as it may require in order to assure itself of the justification of the requirement and of the commercial nature of the considerations leading to the transaction.

In principle, the Staff welcomes this suggestion. It does not consider that the interests of U.S. economy in dealing with state foreign trade monopolies are adequately protected by the ITO principle that governments having such monopolies should promise to be motivated solely by commercial considerations in their foreign trade activities. It believes that in the long run some form of counter control will be necessary on the part of this Government to prevent unfavorable consequences to U.S. interests from the operations of foreign trade monopolies in the American market.

⁵ For the text of the commercial agreement between the United States and the Soviet Union, effected by an exchange of notes of August 4, 1937, see Department of State Executive Agreement Series 105 or 50 Stat. (pt. 2) 1619.

However, the adoption of such a policy would represent a fundamental change in U.S. economic policy. It is complicated by a number of factors. There are various degrees and types of state trading, which would require a differentiated treatment on the part of this Government. Any system of restriction wide enough to blanket immediately the whole satellite area would also blanket a number of countries outside that area. It would involve serious questions of relationship to other features of our trade policy. It would involve, no less than the Commerce plan, a departure from the most-favored-nation principle. It would mean that we would have to find some way of departing from the present provisions of the draft ITO Charter. For these reasons, no approach along these lines to the problem of trade with Russia and the satellite area could be evolved without long study and preparation.

For this reason the Staff considers that, while the question of our relations with state trade monopolies should be given further study at once with a view to finding more adequate protection for U.S. interests than that implicit in the present ITO conception, this suggestion cannot be an answer to the immediate problem of trade with Russia and the satellite area.

7. The immediate question therefore narrows down to one of whether, in the face of the fact that shipments to the Soviet and satellite areas are rapidly declining and have already reached a point where they are not of great monetary importance, we wish to proceed to the unusual measure of the establishment of a system of special screening for shipments to the European area, or whether we should carry on with present procedures at the risk of leaving a gap in our system of controls and of permitting goods, however small in value, to flow to the debatable areas for purposes probably contrary to our interests.

8. Officials of the Department of Commerce estimate that to achieve the effective screening of our exports to Russia and the satellite area by taking more items under general control for the world at large would call for an outlay 100 to 150% greater than to establish a system of screening of all shipments going to Europe. To support this estimate they cite the fact that whereas a large part of the items now on the control list are raw materials which are fairly simple in nomenclature, those which would have to go onto the list in order to cover most shipments to Russia would be, for the most part, manufactured goods of which the nomenclature is elaborate and complicated. Hundreds of items would have to be added to the existing list. This would raise many questions of interpretation as to whether items were or were not covered by the list, and would impose a considerably greater work load on the Government and burden on the business community than if blanket controls were set up over shipments to Europe.

There is the further consideration that a relatively high proportion of European orders are placed by state trading organizations, thus making it possible for large amounts to be covered by a single license. This is much less the case in other areas. If, therefore, items are to be placed on the list for world-wide control merely in order to make possible screening for the Soviet sphere, a disproportionate burden arises, in the necessary screening for other areas.

In addition to this, it must be noted that a fairly large percentage of the shipments to Europe in the coming period will probably be covered by the recovery program allocations. Those shipments would be automatically cleared and would require no processing.

Another very real consideration has arisen in connection with the export controls to be exercised at the request of the Atomic Energy Commission. The Commission is anxious to avoid the necessity of publishing a list of the items which it does not wish to see shipped to the Soviet sphere. The Commission is not much worried about such shipments going to countries outside of Europe. If there is no blanket screening arrangement for shipments to Europe, the Department of Commerce will be obliged to publish the list of these items. This would be undesirable from the standpoint of military security. If there is a blanket screening arrangement for Europe, this will not be necessary, and the national security will be protected to that extent.

One more consideration speaks for the establishment of a blanket control over shipments to Europe. During the period of operation of the recovery program, we will wish to be able to exercise some pressure on countries receiving our aid, to make sure that their purchases in this country outside the aid program do not run counter to the requirements of the program. A blanket control would give us the means for exercising this influence.

CONCLUSIONS AND RECOMMENDATIONS

The Staff's findings are as follows:

1. Present arrangements governing trade between the United States and the Soviet sphere do not give adequate protection, in principle, to United States interests. A certain proportion of the shipments now going to this area may well be undesirable from the standpoint of United States security or of the ERP. However, the total amount of trade between the U.S. and this area at the present time is so small that this loophole does not now have serious significance. Thus it cannot be stated that the direct detriment to national interest arising at this particular moment out of the exchanges of goods from this area is great enough to warrant, of itself, extreme corrective measures which might embarrass our policy in other fields. On the other hand,

we have no assurance that this situation will not change for the worse at any time.

2. If, despite the small amount of trade now involved, the NSC nevertheless feels that some action is necessary at this time, to enable us to control shipments to Russia and the satellites, the best course would be to establish in connection with the European aid program, at such time as the President may see fit, arrangements permitting this Government to exercise control over shipments to all European countries, including the U.S.S.R.

3. The problem would not be adequately or usefully met just by increasing the number of items under export control for the world at large.

4. It would also be unfeasible to attempt to work out on short notice any sound solution of the problem along the lines of restrictions on purchases by foreign state trading organizations.

Existing arrangements for operations of state trading organizations in the United States market are admittedly inadequate, as are the arrangements outlined in the draft ITO charter. Our position in this respect calls for thorough review and it should be our aim to see that such operations by state trading organizations can be effectively controlled by this Government.

This is a matter, however, which will require careful and many-sided study, and on which no abrupt action could be taken now without serious prejudice to the ITO negotiations now in progress in Habana.

The economic offices of the Department of State should accordingly be requested to undertake at once a thorough review of our position in this matter and to formulate recommendations as to our future line of procedure. This review should include an examination of the adequacy of existing commercial agreements with eastern European countries and of the relative desirability of terminating or permitting to remain in effect the individual agreements concerned.

5. Any announcement of the establishment of general export controls over shipments to Europe should be framed along the lines of the statement attached hereto as Tab C. Should we at any time be pressed as to how these controls can be reconciled with the most-favored-nation provisions of our agreements with countries in the European area, we should explain that we feel this action to be justified by the broad purpose of the ITO concept, and that the implementation of a recovery program of these dimensions naturally overshadows normal trading operations with the general area concerned and creates temporarily a situation to which provisions defining normal trading conditions would obviously not be applicable.

6. If a general control is established over shipments to Europe, administration of this control should be exercised technically by the De-

partment of Commerce, but all decisions involving policy should be taken conjointly with the Department of State. The two Departments should be guided, in the exercise of this control, by the national interest and by the interests of the ERP. They should have authority to require justification of requirements; but this should not be made mandatory upon them.

7. If approved, this paper should be submitted immediately to the National Security Council for its information and as a basis of further discussion with relation to the paper (Tab B) presented by the Department of Commerce. An appropriate communication to the Executive Secretary of the NSC is attached.⁶

8. Except in so far as it may be modified by action taken by the NSC, the paper prepared in this Department entitled "Immediate U.S. Economic Policy Toward the Soviet Sphere" and attached as Tab A should be approved and referred to the Assistant Secretary of State for Economic Affairs for further elaboration and implementation.

[Attachment—Tab A]

Paper Prepared in the Department of State⁷

SECRET

[WASHINGTON,] November 19, 1947.

EWP D-9/i

IMMEDIATE U.S. ECONOMIC POLICY TOWARD SOVIET SPHERE

I. GENERAL PRINCIPLES

The basic factors affecting U.S. economic policy toward the Soviet sphere are first, the fact of effective Soviet control, which is progressively tightening in those countries where it is not already complete;

⁶ This paper was not approved. The communication under reference here was not attached to the source text. For the text of the letter eventually sent to the Executive Secretary of the National Security Council on December 11, 1947, see footnote 1, p. 508.

⁷ This paper was prepared by officers of the Department of State comprising the Eastern Europe Economic Working Party (EWP). Following the decision of the National Security Council on December 17, 1947 (see the Report of the National Security Council, p. 511), this paper was revised and redesignated EWP D-9/j. Changes in Part I are indicated in footnotes at the appropriate places. Part II was very extensively revised, but those changes are not indicated here. The revised paper was transmitted to Under Secretary Lovett by Assistant Secretary of State Thorp under cover of a memorandum dated February 9, 1948, which concluded as follows:

"It would be of considerable assistance to us to have a definite formulation of the Department's policy respecting economic relations with Eastern Europe. I should like to inquire, therefore, whether we may regard the attached document, which has been revised in accordance with the National Security Council decision, as having the Department's approval." (611.6131/2-948)

There is no indication in the files that any further action was taken on the paper either as D-9/i or D-9/j.

second, the fact that in the Soviet Union and to an increasing extent in all the countries under its control foreign trade is conducted as a state monopoly, or under direct state control, subservient to political and autarchical as well as economic considerations; and third, the fact that, as stated by Zhdanov at the time of the organization of the Cominform,⁸ the Soviet Union is determined to cause the failure of the Marshall Plan. Under these circumstances it becomes essential to define U.S. economic policy towards this area as clearly as possible, while maintaining all necessary flexibility and while recognizing the probable need for constant review and possible frequent changes.

For the immediate future our economic relations with countries in the Soviet sphere should be governed by the following broad principles:

A. Although the declared Soviet intention of preventing the success of the European Recovery Program, as well as other unfriendly acts and statements, precludes normal political relations between the U.S. and the Soviet sphere at least for the present and the near future, it is not considered that U.S. interests would be served or the success of the European Recovery Program furthered by economic warfare, or by steps which would represent a general reversal of our present international economic policy and commitments, as reflected, for example, in the ITO, IMF and World Bank. In particular, it is considered desirable to maximize the benefits which would accrue to the countries participating in the European Recovery Program as a result of trade with the Soviet sphere.

B. At the present time political and security considerations dictate the following exceptions to normal economic relations with the Soviet sphere. The U.S. should prevent:

1. Acts by the U.S. or its nationals which, individually or cumulatively, will result in significant increases in the military potential of the area or will decrease U.S. security;

2. Acts by the U.S. or its nationals which, individually or cumulatively, will significantly diminish the economic welfare of the U.S. and its citizens, without contributing to the success of a positive economic recovery program in which U.S. and other powers are jointly associated.

3. The extension of U.S. governmental credits to countries in the Soviet sphere, except on the basis of positive benefits to the U.S. or to recovery programs with which the U.S. is associated.

⁸ At a conference held at Wiliza Gora, Poland, September 22-23, 1947, the Communist Parties of Yugoslavia, Bulgaria, Romania, Hungary, Poland, the Soviet Union, France, Czechoslovakia, and Italy, agreed to establish the Communist Information Bureau (Cominform). For documentation on the conference, including a very lengthy extract from a speech by Andrey Aleksandrovich Zhdanov, member of the Political Bureau of the Communist Party of the Soviet Union, see *Documents on International Affairs 1947-1948*, selected and edited by Margaret Carlyle under the auspices of the Royal Institute of International Affairs (London, New York, Toronto: Oxford University Press, 1952), pp. 122 ff.

C. It is important that, if U.S. economic relations with the Soviet sphere deteriorate to the point of unmistakable economic warfare, there be no doubt as to Soviet responsibility. It is also desirable that the program in Paragraph B should be followed only in cases which can be publicly justified in specific terms as a means of achieving the established U.S. policy objective, or where the measures involved are required by statute, or can be taken without involving official commitments or official actions.

D. The steps called for in Paragraph B should be taken only when there is a reasonable prospect that the intended result will be accomplished. In some cases there is no such prospect because of a lack of Congressional authority. Measures should be taken promptly to secure the requisite authority.

E. Specific U.S. interests with respect to countries of the Soviet sphere should be protected and furthered by vigorous and realistic bargaining. Appropriate countermeasures should be taken in Germany and Austria to protect the U.S. position against Soviet non-cooperation.

F. In applying these principles to specific situations, the countries in the Soviet sphere may be grouped at the present time as follows:

1. Class I: The U.S.S.R., Yugoslavia, Albania, Rumania, and Bulgaria.

These countries should for all purposes herein be treated rigorously and alike, since no relevant distinctions on the basis of current political or economic conditions exist or appear likely.

2. Class II: Poland, Hungary, Czechoslovakia, and the Soviet Zone of Germany.

These countries should for the present be treated in the same manner as the above, with the qualification that the ardent desire of their people for a western orientation may from time to time permit greater flexibility in the application of the principles laid down herein than in the case of the governments mentioned above.

3. Class III: Finland and Austria.

These countries call for more favorable treatment, but in the case of Austria only to the extent to which it is possible to deal with the country as a unit through the Austrian Government.

G. No general attempt should be made at present to persuade other countries to cooperate in the program outlined in Paragraphs B-F, except as the acts envisaged will contribute directly to the success of joint programs for economic recovery.

H. This policy should not be publicized in any way, nor, insofar as possible, should the arrangements for its implementation.

I. To the extent feasible the U.S. should seek to secure the application of policies similar to the above by the responsible Western Powers in the Government of the zones occupied by them in Germany and Austria.

II. RECOMMENDED ACTION

The foregoing general principles do not provide automatic answers to the various classes of cases currently calling for action. Their application requires an exercise of judgment in appraising the facts surrounding each situation. As a further guide an attempt has been made to draw up a more precise set of rules for the principal types of cases, rules which represent an application of the general principles to each type of issue in terms of the known facts.

(*Note:* By decision of the Secretary's Staff Committee of October 4, 1946, [SC-202⁹] inquiries made of the Department regarding the appropriateness of exports of unclassified goods and technology which have security implications are to be referred to the Division of Commercial Policy. This procedure has been in effect for some time, and it is recommended that similar inquiries arising in connection with this paper be referred to CP in the same way. CP is responsible for securing the necessary clearances from other interested divisions. In those cases in which arms, ammunition, implements of war, classified goods and technology are involved the inquiries would normally be referred to MD for action. Similarly, questions arising in connection with credits should be considered by ED.)

A. *Export of Goods*1. Military Equipment

The present controls under the President's Neutrality Proclamation should continue to be applied to prevent the shipment of any such goods from the U.S. to the Soviet sphere. The proclamation expires June 30, 1948 and it is imperative that the proposed Munitions Control Act be enacted to authorize controls of this character on a permanent basis.

2. Semi-military equipment (explosives, link trainers, specialized tools for production military items, etc.)

In general these types of goods should not be made available, though special circumstances insuring civilian uses in countries of Class II and III may be permissible.

It would be possible fully to control such exports under the proposed Munitions Control Act. This is a strong reason for pressing for enactment of this statute at the earliest possible date. Lacking this act the following possibilities are open:

a. The present policy of indicating to manufacturers who request State Department views that such shipments are objectionable should be continued wherever there is reason to believe that the flow can in fact be controlled by these means. This is, however, unsatisfactory and incomplete.

⁹ Brackets appear in the source text; not printed.

b. It is possible that the situation might be controlled to the extent the goods are in short supply within the framework of the export controls over goods in short supply administered by the Commerce Department. This possibility should be studied, particularly if it seems likely that enactment of the Munitions Control Act will be delayed.

c. If the present approach to the solution of Greek security problems in the United Nations General Assembly should fail, careful consideration should be given to putting the countries charged with aiding guerilla activities against Greece on the E List. Among other things, such a proposal would facilitate preventing equipment which might be useful in such activities from reaching these countries. This step may involve violations of existing treaty commitments and this possibility should be examined and recognized before taking action.

3. Capital Equipment for War-Supporting Industries.

Capital equipment which will permanently add to the capacity of industries closely associated with production of war materials should not be made available by the U.S. except to Class III countries.

This is almost impossible to control at present except for occasional cases in which manufacturers of particularly vital equipment consult us and are told that if they can make good excuses we have no objections. The positive list of items in short supply should be examined with a view to the possibility of adding items made of commodities in short supply. Even so, it will be difficult for the present to treat exports to the Soviet sphere differently from those to other areas, but measures such as requirement of end use justification for items on the positive list should be used to facilitate different treatment.

When the European Recovery Program is in effect further controls may become necessary in order to establish the priority status of the European Recovery Program countries, though discrimination against the Soviet area, as opposed, for example, to Asia and Latin America, will remain difficult under present conditions.

Of course projects in the Soviet area which will contribute to the success of the European Recovery Program or other recovery programs would still have favorable consideration.

Curtailment of exports in this category should be undertaken cautiously to permit evaluation of Soviet reaction and its significance to us, particularly in terms of availability of food, timber products and coal to Western European countries.

4. Capital equipment other than that covered in the preceding paragraph, raw materials, and consumer goods.

These types of goods should be permitted to flow freely, except for those in short supply.

Control problems exist for materials in short supply, including those made from commodities in short supply, but every effort should be made to direct exports of such commodities to areas where they will

contribute to the success of economic recovery programs with which the U.S. is associated.

5. Goods used in production of Atomic Energy.

Goods whose export is now controlled by the Atomic Energy Commission should not be exported to countries in the Soviet sphere.

This restriction covers atomic energy source materials and specialized equipment designed for use in production of atomic energy and fissionable products. Control of export of goods useful in production of atomic energy and for other purposes is under study but no steps should be taken in this field for the present.

B. *Export of Technology*

1. Classified, by armed services or Atomic Energy Commission.

These should not be made available to any countries in the Soviet sphere.

This may involve continual examination of present classification techniques, but it is clear that primary responsibility in this field is in the hands of the military and atomic energy authorities. New developments of great military significance should not be published if the armed services or the Atomic Energy Commission desire to utilize them; an amendment of the Patent Secrecy Act has been proposed to Congress, which will accomplish the desired objectives. This should be passed by Congress as a security measure. It was reviewed and endorsed by the Interdepartmental Committee on Unclassified Technology before presentation to Congress by the Navy Department.

2. Unclassified, but related to new developments in industries of major importance in production of war material.

Although no action of an overall nature is possible at present, it is desirable to press for reciprocity, to be informed as to the flow of information, and to stop the most valuable and unique types of information.

The Interdepartmental Committee on the Export of Unclassified Technology has done some work on legislation requiring the registration of technical aid contracts of critical military significance. This legislation should be pressed, but in an amended form which would permit licensing of such contracts under certain conditions. The Munitions Control Act, as presented to Congress, is also capable of being used to control the export of certain technology, if it seems desirable. The proposed Patent Secrecy Act should be reviewed to insure it can be applied in this field. Until such measures have been taken there is little that can be done to promote reciprocity or to limit the flow of really critical data, but every effort should be made to accomplish as much as possible.

3. All other technology

No action is necessary or useful.

The lack of reciprocity between the U.S.S.R. and the U.S. in this field is much to be regretted, but is obvious from a governmental standpoint, and is reasonably clear to business and academic groups. In cases in which reciprocity does not exist it is desirable to discourage U.S. groups from giving away valuable technology.

C. *Credit Policy*

1. International Bank Loans

U.S. representatives in International Bank should:

a. Support loans to countries in the Soviet sphere which will contribute to the success of a positive economic recovery program in which the U.S. and other powers are jointly associated.

b. Raise no objections to other loans to countries in the Soviet sphere for which there is adequate economic justification.

The United States is bound by commitments of the Bretton Woods Agreement. Article IV, Section 10, of the Bank's Articles of Agreement provides that the officers of the Bank shall not be influenced in their decisions by the political character of the members concerned and "only economic considerations shall be relevant to their decisions". Pertinent economic considerations include the past record of a country in meeting its international commitments and obligations. To the extent that the record of certain of the countries in the Soviet sphere is questionable in this respect, their promise to repay loans may be viewed with suspicion. Certainly any loans granted should be surrounded by adequate financial safeguards. It would also be well to take due notice of the general Communist principle of meeting obligations only on the basis of expediency.

Of the countries in the Soviet sphere only Czechoslovakia, Poland and Yugoslavia are at present members of the Bank and can receive credits. Finland was admitted to membership at the September meeting of the Board of Governors and is expected to ratify the agreement shortly. Austria is also expected to apply for membership in the near future.

2. U.S. Government Credits

a. Policy should be applied uniformly regardless of the source of funds within the U.S. Government.

b. Credits which will make a positive contribution to the success of economic recovery programs with which we are associated may be extended to any Soviet sphere country.

c. Credits for liquidation of a lend-lease obligation may be extended to any Soviet sphere country.

The authorization of credits for liquidation of lend-lease obligations in fact only involves one or two countries and is not a new extension permitting the purchase of additional goods but merely a postponement of payment of a previous obligation in circumstances in which the U.S. has no alternative.

d. Commodity and exporter credits designed to promote exports of goods where export to these areas is permissible under the provisions of A above, may be authorized in individual cases for countries in Class III (Austria and Finland) and under appropriate circumstances for countries in Class II, when one or more of the following criteria are met:*

(1) They retain a market for American commodities in surplus supply, or

(2) They achieve limited political objectives in certain cases, or

(3) They demonstrate to the peoples of these countries the continuing interest of the U.S. in their welfare through the supply of needed consumer goods, or

(4) They prevent a completely Eastern orientation of those countries' economies and serve to maintain economic contacts with the West.

e. Except as provided in b above, no reconstruction or development credits should be extended.

For the most part these conclusions derive directly from the statement on general principles. Because U.S. Government credits are frequently interpreted, sometimes erroneously, as approval by this government of the government to which the credit is extended, policy with respect to them must be stricter than in the case of commercial exports. Nevertheless, the door is left open for special circumstances in which important U.S. objectives can be aided by loans to countries which we consider still open to influence.

3. Private Credits

In general the policy toward extension of private credits other than short term paper should be dictated by the nature of the goods to be procured, and governed according to the rules for various classes of goods in Section A. In special circumstances it may be desirable to discourage the extension of substantial credits when this would appear

*Circumstances at present are not considered politically appropriate to permit such loans to any Class II countries. [Footnote in the source text.]

to be detrimental to and in direct conflict with the political policy aims of the U.S. Government.

[Attachment—Tab B]

*Paper Submitted by the Secretary of Commerce (Harriman) to the National Security Council*¹⁰

SECRET

[WASHINGTON, November 14, 1947.]

CONTROL OF EXPORTS TO THE USSR AND EASTERN EUROPE

One of the primary objectives of United States foreign policy is the revival of a working economy in the world as a necessary step toward the establishment and maintenance of world peace. The United States Government has offered to cooperate with any government that is willing to assist in the task of recovery. Sixteen European countries have voluntarily joined in the development of a European economic recovery program, and have requested US assistance. The USSR and its Eastern European satellite nations have refused to join (and in fact actively opposed) this program for European recovery. This opposition to European recovery constitutes a threat to world peace and, in turn, to US security.

The National Security Council therefore considers that US national security requires the immediate termination, for an indefinite period, of shipments from the United States to the USSR and its satellites of all commodities which are critically short in the United States or which would contribute to the Soviet military potential. This result, however, should be achieved if possible without any overt act of arbitrary discrimination against the USSR and its satellites.

The National Security Council therefore recommends, in the interests of economic recovery, world peace, and, in turn, US national security, that Europe, including the USSR, and such affiliated areas as the Secretary of State may designate, should be declared a recovery zone to which all exports should be controlled. Exports to any country in this zone should be permitted only when (a) the country furnishes adequate justification for its requirements, (b) European recovery and world peace are served thereby, and (d) [*sic*] the position of the United States is not adversely affected.

¹⁰ This paper was considered by the National Security Council at its Second Meeting, November 14, 1947, but action was deferred pending the formulation of views on the matter by the Department of State. The paper was considered again by the Council at its Fourth Meeting, December 17; for the action taken at that time, see the Report of the National Security Council, p. 511, and footnote 1, thereto.

The Secretary of Commerce believes that this recommendation is practicable and could be put into effect by about December 1, 1947 until the statutory authority to control exports expires on March 1, 1948. The cost to supplement the present export control staff is estimated at \$141,750.00.

[Attachment—Tab C]

*Proposed Statement Prepared by the Policy Planning Staff,
Department of State*

SECRET

PROPOSED STATEMENT BY THE PRESIDENT

Convinced that without the recovery of Europe there can be no real world recovery and hence no reasonable prospect of a stable and peaceful development of international life, the United States is undertaking a large-scale program of assistance to a number of European nations which have pledged their effort and resources to a common attempt to bring about European recovery.

Leaving aside specific commodities in short supply, it is clear that this program is going to constitute a heavy drain on the economy of this country in general, and that our resources will not be sufficient to meet all the demands that are being placed upon them.

In these circumstances, we owe it both to ourselves and to the peoples of Europe to see that these resources are expended with the utmost economy, and that they achieve the maximum effect.

For this reason, the Secretary of Commerce proposes to institute, for the period of the recovery program, a system of controlling all shipments going from the United States to European countries in order to make certain that these shipments do not operate to the detriment of that objective.

This does not mean that an embargo will be placed on the export of any particular category of goods, or on the shipments to any particular country or countries. On the contrary, it remains the policy of this Government to promote in every way healthy and stable trade relationships, which can contribute to a balanced and expanding world economy; and in fact, one of the purposes of the recovery program is to make this possible. As soon as the recovery period is over, we intend that normal trade practices and procedures shall be restored at once. But we do intend to see that in this period of exceptional demands on the labor and generosity of our people, American goods going to the European area are not used for purposes which do not serve the needs of European and world recovery.

661.119/12-847

*The Acting Secretary of State to the Secretary of Commerce
(Harriman)*¹

SECRET

[WASHINGTON,] December 8, 1947.

DEAR AVERELL: As you were aware, this Department has given very careful study to the proposals embodied in the paper which you laid before the National Security Council on the subject of trade between this country and Europe.²

As a result of these studies we have come to the conclusion that it would be preferable from the standpoint of our foreign relations as a whole, to do what we can to curtail undesirable exports to the Soviet sphere by adding items to the list of those which are under control for the world at large.

We understand from conversations with officials of the Department of Commerce that there are objections to this procedure in your Department on account of the undue burden which it would impose upon the business community and upon the Government. We would be glad to have further conversations at the working level as to the ways in which this objection could be overcome.

If, however, you still feel that this procedure is unfeasible and would not duly protect national interests, then we would prefer to adopt, of the various alternative solutions, substantially the one outlined in the paper which you submitted to the National Security Council, subject to certain minor modifications. These modifications would be:

(a) We would wish that arrangements might be made under which this Department could share actively in the decisions involved in controlling shipments to Europe;

(b) While we feel that those exercising the controls should be authorized to demand justification of requirements in cases where this appears desirable, we do not feel that this should be made mandatory upon them.

¹ George Kennan, Director, Policy Planning Staff, sent a copy of this letter to Rear Adm. Sidney W. Souers, Executive Secretary, National Security Council, under cover of the following letter dated December 11, 1947:

"I understand that the proposal of the Secretary of Commerce for the control of exports to the USSR and Eastern Europe has been placed on the agenda of the National Security Council meeting scheduled for December 17, 1947.

"For the information of the members of the National Security Council I am enclosing a copy of a letter of December 8, 1947, together with a copy of its enclosure, from the Acting Secretary of State to the Secretary of Commerce on the subject of trade between this country and Europe. The contents of these documents represent the current, although not necessarily the final, views of the Department of State on the matter." (661.119/12-847)

² For Secretary Harriman's paper under reference here, see Attachment B to Policy Planning Staff paper PPS/17, November 26, 1947, p. 506.

Should it be decided to place all shipments to Europe under control, the way in which this decision is presented to our public and to the world at large will have great importance. I enclose, as a suggestion for the way in which this might be approached, a draft³ which has been prepared in this Department. We would be glad to have your reactions to this before any final step is taken along these lines.

Very sincerely yours,

ROBERT A. LOVETT

³ The draft under reference here is the same as the statement included as Attachment C to Policy Planning Staff paper PPS/17, p. 507.

660.119/12-1047

*Mr. Willis C. Armstrong, Adviser, Division of Commercial Policy, to the Deputy Director, Office of International Trade Policy (Martin)*¹

[Extracts]

SECRET

[WASHINGTON, December 10, 1947.]

DEAR ED: The EWP group finished the basic paper of conclusions and recommendations subsequent to your departure and I transmitted it to the appropriate people.²

On November 21 I conferred with Mr. Wood³ and outlined the extent of our work to date. November 22 brought a statement by the President in the newspapers to the effect that he did not see any reason to stop shipment of machinery to Russia at the present time. This was an unprepared press conference statement.⁴ On November 23 the newspapers carried a telegram which Mr. Stassen⁵ had sent to the President in which he repeated a demand made previously in four speeches to the effect that shipments of "hard" goods to Russia and its satellites be terminated. He advanced a series of six arguments as to why this should be done. Subsequently, the President apparently asked Mr. Lovett for his recommendations with respect to this question. On November 24 Mr. Wood and I were asked to appear at a Policy Planning Staff meeting to discuss the problem. There was a full venti-

¹ Edwin McCammon Martin was serving as a member of the United States Delegation to the Fifth Session of the Council of Foreign Ministers, held at London, November 25-December 12, 1947.

² The paper under reference here, EWP D-9/i, November 19, 1947, is included as Attachment A to document PPS/17, November 26, 1947, p. 498.

³ C. Tyler Wood, Deputy to Assistant Secretary of State Thorp.

⁴ For the text of President Truman's news conference of November 21 under reference here, see *Public Papers of the Presidents of the United States: Harry S. Truman, 1947* (Washington, Government Printing Office, 1963), pp. 500-502.

⁵ Harold L. Stassen, former Governor of Minnesota and candidate for President of the United States.

lation of all aspects of the matter and we were of the opinion that the facts which we presented were being given the most serious consideration by Mr. Kennan and his associates. I was asked to prepare a chart which would show the small extent of trade with the satellites and the U.S.S.R. and with the assistance of Central Services I did so. It is quite a good chart and I shall try to find a copy to enclose with this letter.

On November 25 Paul Nitze⁶ made a suggestion at Lovett's staff meeting to the effect that the United States should take action to screen all exports to countries maintaining a complete state monopoly of their foreign trade, so as to assure itself of the justification of the requirement that such transactions be of a commercial character. Win⁷ and I argued in a memorandum that this would be in contravention of the spirit of the ITO Charter and that at any rate it would not fool anybody.

The Policy Planning Staff's paper⁸ was prepared during the week of December 1-7 and I did not get an opportunity to see it until it had been completed. During the course of its preparation I furnished a considerable amount of data concerning our treaties and executive agreements with the countries of Eastern Europe to Mr. Savage,⁹ the Secretary of the Staff. On December 6 Messrs. Clayton¹⁰ and Thorp, Win Brown and I had a discussion of the Kennan paper, and agreed that we were not in accord with its conclusions.

The Kennan paper is a long document and is quite involved in its reasoning. Unfortunately, I do not have a copy of it. Copies of these documents seem to be difficult to secure. It ends up basically with the Commerce proposal made to the National Security Council for a control of all exports to Europe on an individual license basis.¹¹ It dismisses trade with Russia and the satellites as being of little importance in terms of our own national security. It does not ascribe great importance to our imports of manganese, chrome and other materials from the U.S.S.R., although available figures seem to indicate that we obtained in the first nine months of 1947 31% of our imported manganese, 47% of our imported chrome, and 57 of our imported platinum from the U.S.S.R. Figures for the third quarter of 1947 show total Soviet exports to the U.S. as running well ahead of Soviet imports from the U.S. in terms of dollar value.

⁶ Paul H. Nitze, Deputy to Assistant Secretary of State Thorp.

⁷ Winthrop G. Brown, Chief, Division of Commercial Policy.

⁸ The reference here is presumably to document PPS/17, November 26, p. 489.

⁹ Carlton Savage, Executive Secretary, Policy Planning Staff.

¹⁰ William L. Clayton, Adviser to the Secretary of State.

¹¹ The paper under reference here is included as Attachment B to document PPS/17, November 26, 1947, p. 506.

The Kennan paper indicates that it accepts the Commerce statement to the effect that from an administrative standpoint it is much easier to control exports on an individual shipment basis to Europe than by increasing the number of goods on the positive list. It in general endorses our paper but then proceeds to add to it the Commerce proposal. The result is, in all frankness, quite confusing. The EWP group reviewed the paper at a meeting on December 8 and concluded that it did not like it for a number of reasons. Mr. Thorp sent a memorandum to Mr. Lovett outlining a number of very persuasive reasons why the extension of the positive list was superior as a method of control to the Commerce proposal. Mr. Thorp also talked to Mr. Blaisdell¹² and obtained the impression from him that he was definitely not in accord with the Commerce proposal, which of course comes from McIntyre. Brown and I have added our comments to Mr. Thorp's and have suggested that the Kennan proposal is not an alternative between control by area and control by commodity, but a matter of adding control by area to control by commodity which will be necessary in any event. The political people in our group were considerably disturbed over the Kennan proposal because of the credence it would give to the Communist attitude on the Marshall Plan.

WILLIS C. ARMSTRONG

¹² Thomas C. Blaisdell, Jr., Director, Office of International Trade, Department of Commerce.

661.119/12-847

Report by the National Security Council¹

SECRET

[WASHINGTON, December 17, 1947.]

CONTROL OF EXPORTS TO THE USSR AND EASTERN EUROPE

One of the primary objectives of United States foreign policy is the revival of a working economy in the world as a necessary step toward the establishment and maintenance of world peace. The United States Government has offered to cooperate with any government that is willing to assist in the task of recovery. Sixteen Euro-

¹ At its Fourth Meeting, December 17, 1947, the National Security Council, in Action No. 17, adopted the proposal by the Secretary of Commerce on the control of exports to the USSR and Eastern Europe (p. 506) subject to the revision that the requirement for adequate justification should be permissive at the discretion of the U.S. Government and that the wording of such a revision be acceptable to the Departments of State and Commerce. The revised report, as printed here, was agreed to by the Departments of State and Commerce and was subsequently submitted to the President for approval.

pean countries have voluntarily joined in the development of a European recovery program, and have requested US assistance. The USSR and its Eastern European satellite nations have refused to join (and in fact actively opposed) this program. This opposition to European recovery constitutes a threat to world peace and, in turn, to US security.

The National Security Council therefore considers that US national security requires the immediate termination, for an indefinite period, of shipments from the United States to the USSR and its satellites of all commodities which are critically short in the United States or which would contribute to the Soviet military potential. This result, however, should be achieved if possible without any overt act of arbitrary discrimination against the USSR and its satellites.

The National Security Council therefore recommends, in the interests of economic recovery, world peace, and, in turn, US national security, that Europe, including the USSR, and such affiliated areas as the Secretary of State may designate, should be declared a recovery zone to which all exports should be controlled. Exports to any country in this zone should be governed by the following principles: (a) that the US Government may, at its discretion, require the country to show adequate justification for its requirements, (b) that European recovery and world peace will be served thereby, and (c) that the position of the United States will not be adversely affected.

The Secretary of Commerce believes that this recommendation is practicable and can be put into effect from the time that additional funds to administer it are made available until the statutory authority to control exports expires on March 1, 1948. The cost to supplement the present export control staff is estimated at \$141,750.00.

101.6/1-548

*Statement Prepared by the Department of Commerce*¹

SECRET

[WASHINGTON, undated.]

THE "R" PROCEDURE FOR EXPORT CONTROL

This procedure provides for export license control of all shipments to Europe and dependent territories, which are regarded as a recovery area.

¹ Copies of this memorandum were circulated to members of the National Security Council under cover of a memorandum of January 5, 1948 by the Executive Secretary of the Council, Sidney Souers, not printed, which explained that at the Fourth Meeting of the National Security Council (see footnote 1 to the Report by the National Security Council, p. 511), Secretary of Defense Forrestal had asked that all Council members be furnished the framework of language that might be used in testifying before Congress on the control of exports to the U.S.S.R. and Eastern Europe. The statement printed here was accordingly prepared by the Department of Commerce and was circulated for the information and use of all Council members.

This type of control is considered essential to bring about conservation of dollar resources of the countries in this area, and utilization of these resources solely for purchases in the United States which will promote recovery. It is especially important that United States Government funds be conserved in this way.

There is a considerable feeling that United States exports to Eastern Europe should be under complete control. The "R" Procedure is believed to be the best method of achieving this result, for the following reasons:

(1) The administrative burden of controlling all exports to Europe will be substantially less than that involved in controlling the exports of so-called key items to the world as a whole. While Europe is an important customer for many of our products, its purchases are made in large units, whereas the rest of the world buys in much smaller individual quantities.

(2) The burden on the American trade community will be minimized by control of all exports to destinations where private trade now finds the greatest number of obstacles rather than by control of many commodities in fairly free supply to all destinations, including those where United States exporters find ready markets for their products. Further, the trade would find the job of properly classifying their products very difficult and the enforcement task of the export control and customs authorities would be substantial. Exporters would be tempted to declare their equipment under one of the many categories not subject to control rather than to classify it accurately.

(3) This program permits scrutiny of all shipments of material which are of interest to the Atomic Energy Commission without the necessity of publishing a list of those commodities. Clearly, the European Continent is the one industrial area with respect to which the AEC need fear rivalry in the production of atomic weapons. Yet AEC is understandably reluctant to publishing a catalog of the materials needed for such production.

(4) This procedure achieves total control of shipments to Eastern Europe without apparent discrimination which might lead to retaliation, but in such a way that a *quid pro quo* be established for imports from that area.

(5) The procedure lends itself much more readily to conformation with any program of aid to Europe. Many elements of public opinion are insisting that the American Government should know what is done by the aided countries, not only with the funds obtained from U.S. grants, but also with the dollars commercially acquired. To take an extreme example for illustration, the popular acceptance of the Marshall Plan would be seriously damaged if the French used our dollars for industrial materials and their own for nylon stockings. Action taken at this time does not even appear to be directed against the "soft goods" trade of Western Europe, but permits screening that trade effectively without interfering with commerce to other areas of the world.

600.119/1-1548

*Department of Commerce Press Release*¹

[WASHINGTON, January 15, 1948.]

Beginning March 1, 1948, commercial shipments of all commodities to Europe will require individual validated licenses, the Department of Commerce announced today through its Office of International Trade.

All European countries are included in a new country group which will include all of the countries of continental Europe, the British Isles, Iceland, Turkey, the U.S.S.R., all Asiatic possessions of the U.S.S.R. and Turkey, Portugal, including the Azores and Madeira, Tangier, Spain and all Spain's colonial possessions, and the Mediterranean islands.

The new procedure will require individual validated licenses for all shipments to these countries, but it does not affect those licensing regulations applicable to specified destinations within countries, such as the arrangements for shipments of gift packages.

There will be no change in the forms and procedures required for obtaining licenses for shipments of goods on the Positive List. The Positive List is a list of commodities in short supply for which export licenses are required to all destinations.

Department of Commerce officials emphasized that the new regulation does not mean that an embargo will be placed on any particular goods going to particular countries. They explained further that it is the policy of the United States Government to foster a healthy and stable trade relationship which can contribute to a balanced and expanding world economy. The new licensing policy has been established, it was stated, to insure a careful programming of the supply of essential goods to areas of greatest need, and to limit the shipment of commodities which can make no contribution to world recovery.

¹ The text of this press release was transmitted to Embassies and Legations in Europe in a circular telegram of January 15, 1948.

S60C.51/1-1948

*Memorandum of Conversation, by the Under Secretary of State
(Lovett)*

SECRET

[WASHINGTON,] January 19, 1948.

At lunch today Mr. McCloy¹ talked at some length about the problem they face with respect to a Polish loan of about \$40 to \$50 million

¹ John J. McCloy, President, International Bank for Reconstruction and Development.

for mining machinery. He said that the Bank had put in every conceivable safety clause requiring the delivery of a certain tonnage of coal annually; that they specifically required as a term of the contract an agreement to ship to the western countries; that the loan was to be five to seven years; and that it was to be in such installments as to insure a rapid pay-out through coal deliveries.

He did not feel that he could drag his feet any longer and felt that he must either make the loan or pass it up.

He felt the latter course would be embarrassing, in view of the fact that the International Bank in its charter specifically excluded political reasons as a basis for refusal to make a loan. The tight conditions which he had applied would, in his opinion, probably be accepted in the near future. He was therefore concerned at what would happen from the point of view of public opinion and what the attitude of the State Department would be. He was aware of the strong opposition of the Secretary of Commerce² and "perhaps one or two others on the NAC".³ He asked my opinion as to the State Department position because Mr. Minc⁴ had indicated to him that in a conversation with the Secretary of State the latter had, according to Minc, said that he saw no objection to the transaction. (On checking subsequently with the Secretary of State I found that this was not correct, and so advised McCloy.)

I told McCloy that I thought a considerable portion of the American public would not like the idea of the loan, that it might affect the salability of his bonds, and that I felt that the argument of the shipment of coal to the west was a little thin, since that was the normal direction of movement in any event, as it was the only way in which the Poles could get paid for it. He admitted this but said it would be a real contribution to the ERP countries since the coal would be cheaper and also since it would relieve this country from some of the direct shipments. He said that about 60% of the bankers to whom he had talked on this matter had indicated that they thought the loan would be all right, but that he could not say that they were "enthusiastic about it". He was perfectly willing to turn the loan down, pro-

² W. Averell Harriman.

³ Instructions to the United States Director of the International Bank for Reconstruction and Development were formulated and transmitted by the National Advisory Council on International Monetary and Financial Problems. The National Advisory Council was under the chairmanship of the Secretary of the Treasury and included representatives of the Export-Import Bank, the State Department, Commerce Department, Federal Reserve System, Securities and Exchange Commission. The National Advisory Council did not take up the question of a loan to Poland during 1948.

⁴ Hilary Minc, Polish Minister of Industry and Trade. A record of the Secretary of State's conversation with Minc in December 1946 is included in the documentation on the problem of United States economic assistance to Poland in *Foreign Relations*, 1946, vol. VI, p. 540.

vided he did not in doing so act as an international agency and thereby lay the Bank open to the charge that the loan was refused for political reasons.

I asked him what his position would be if the State Department member on the NAC took the stand that it made no sense for us to support a loan of \$50 million to a member of the Cominform who was pledged to defeat the European Recovery Program designed to help others of the International Bank participants. We would clearly be in the position of lending money to someone who had notified us that they were going to do their best to ruin a project for the recovery of other countries. In these circumstances, the State Department member might suggest that we vote against such a loan unless there was a definite agreement from the Poles (a) to take no part, directly or indirectly, in any activities designed to obstruct the European Recovery Program; and (b) to continue the delivery of coal through normal trade channels to the west after maturity of the loan. If we did not wish to go this far we might instruct the American representative to state that we thought it was premature to consider a loan to Poland until the European Recovery Program had gone into operation so that we could see what part Poland had played in any obstructionistic tactics.

McCloy said that he thought that if the NAC took either of these views it would clearly remove his problem with respect to declining the loan on political grounds, since it would not be the Bank that turned it down but the United States representative under instructions from NAC. While he felt that the loan was a sound enterprise and would contribute to the recovery of western Europe, he would not press the matter if the State Department was prepared to take some such stand as that indicated above.

He asked for an indication of the State Department's views and I agreed to obtain them for him.

ROBERT A. LOVETT

711.60C/1-3048

*Memorandum of Conversation, by the Assistant Secretary of State
for Political Affairs (Armour)*

[WASHINGTON,] January 30, 1948.

Participants: Mr. Norman Armour, Assistant Secretary of State
Mr. L. E. Thompson, Deputy Director for European
Affairs
Mr. Jozef Winiewicz, Polish Ambassador

The Ambassador stated he had not come in on any specific question but wished to have a discussion of the general situation. He said that

tension in Eastern Europe had been increasing as a result of the deterioration in relations between the great powers, and the people were openly talking of the possibility of war between the Soviet Union and the West. He said he thought this was attributable to a number of developments such as the reports concerning the reactivation of the American air field at Mellaha,¹ Mr. Bevin's² proposal for a Western European Union apparently to include pacts designed to operate not merely against a revival of German militarism but also against another power;³ the despatch of American Marines to the Mediterranean; the pressure in Congress, and in the American press, for an embargo on shipments to Eastern Europe, etc. He pointed out that this tension was a cause for unrest in Poland and gave encouragement to underground activity. He endeavored to give the impression that it was the popular feeling to which he was referring and not the reaction of his Government. He asked if I would comment on these developments.

I said I believed I need not list the long series of developments which he had not mentioned such as the formation of the Cominform which had taken place in Poland; the misrepresentation of the purpose of the program for European recovery and the efforts being made to frustrate it; developments in the Far East, including Korea, etc., as I was sure the Ambassador was familiar with these events. I also pointed out that it was not surprising that the people of Poland were alarmed in view of the interpretation which the Polish press placed upon many of these developments and the astonishing characterizations that were published in Poland of the alleged motives of the United States. I said I could only assure the Ambassador that our motives in Europe were to bring about conditions of stability and to promote the economic reconstruction which was so urgently necessary as a result of the devastation caused by the war.

The Ambassador acknowledged that much of the material published in the Polish press was deplorable but he charged that the American press was also guilty of publishing alarming and tendentious reports. He said that the failure to conclude a mutual assistance pact with France had been a severe blow to pro-Western Poles. He also stressed the fact that he and those persons in Poland who desired to strengthen ties with the West were handicapped because they were now unable to show that Poland was getting any assistance from the West. He mentioned that UNRRA had made a great impression on the Polish people who realized that this aid came chiefly from the US. He said that the

¹ In January 1948 it was disclosed that the British authorities had granted the United States temporary permission to use Mellaha Air Base outside Tripoli, Libya.

² Ernest Bevin, British Secretary of State for Foreign Affairs.

³ For documentation regarding the interest of the United States in the establishment of a Western European Union, see vol. III, pp. 1 ff.

UNRRA mission was now gone and unfortunately had not been replaced by the relief mission which he had hoped would demonstrate our continued interest in Poland. He then referred to the proposed World Bank loan and said that negotiations were proceeding at a painfully slow rate. They were held up now chiefly on the term of the proposed credit, the Bank offering up to eight years for amortization whereas Poland was requesting 15 years. With respect to the World Bank loan I pointed out that this was an international institution although I imagined it was difficult for Europeans to understand the extent to which this was true. I could assure him that the officials of the Bank never let us forget it. It was true, however, that the Bank was a financial institution which obtained its funds chiefly by the sale of its securities on the American market. Thus the Bank had to take into account the opinions of the American investor and in this regard the Ambassador must be aware that developments in Poland had not been encouraging to them. I referred the Ambassador to the Secretary's statements on the European Recovery Program and said that it was clear that the US Government favored the development of trade between Eastern and Western Europe as well as with this country.

The Ambassador also referred to speculation in the press because of the fact that the high-powered Polish Delegation had gone to Moscow for the trade negotiations. He said that, speaking frankly, the reason for this was that in dealing with the Russians they had found, as doubtless we had done, that the only way to accomplish anything was to go straight to the top. He said he had received few details concerning the agreement⁴ reached in Moscow but undertook to give the Department information as soon as he received it.

It was pointed out to the Ambassador in reply that in addition to UNRRA the US had given Poland an Export-Import Bank loan and a substantial surplus property credit.⁵ Despite these steps and the very material assistance which had been accorded by this country both officially and privately, political relations between our two countries had deteriorated, partly, it is true, because of the deterioration in the overall political situation, but chiefly because of the actions of the Polish Government itself. I said I referred to developments within Poland, such as the Polish elections, and other developments with

⁴ Reference here is to the long-term trade agreement between the U.S.S.R. and Poland and the agreement concerning the delivery of Soviet industrial equipment to Poland on credit, both signed in Moscow on January 26, 1948.

⁵ Reference to the United States-Polish agreement on economic and financial cooperation of April 24, 1946, under the terms of which the United States opened an Export-Import Bank credit of \$40 million to the Polish Government of National Unity to purchase locomotives and coal cars, and extended credits up to \$50 million to Poland for the purchase of U.S. surplus property held abroad. For documentation regarding this agreement, see *Foreign Relations*, 1946, vol. vi, pp. 374 ff.

which he was familiar. I said I also wished to express the hope that in any weighing up of what the US had done for Poland, I hoped the Polish people would not forget the role which the US had played in their behalf in two wars. When the Ambassador interjected that these factors were well understood by our friends in Poland I pointed out that it would be helpful if these friends were allowed to express themselves more freely.

I took this occasion to tell the Ambassador that there were several problems in our relations which could be resolved by action on the part of the Polish Government which we had been awaiting for some time. These were (1) the conclusion of the lend-lease agreement. I emphasized the generosity of our offer and could not understand the failure of the Polish Government to accept it. (2) The compensation agreement for the nationalization of the American property and (3) the needs of our Embassy for zloty at an equitable rate. I pressed strongly on all three points.

The Ambassador acknowledged that our offer of a lend-lease settlement was generous and said that he had been informed that this matter would be dealt with as soon as the Polish Delegation returned from Moscow. He expected a reply shortly. He pointed out that the nationalization agreement had first been held up by the US because of legal difficulties. He had tried to convince his government that it was only these legal difficulties that had caused the delay but despite his own conviction there had been a feeling in Warsaw that political factors were involved. He had urgently requested a renewal by his government of authorization to conclude the agreement and expected to receive it soon. On the question of funds for our Embassy he expressed great optimism and said he felt sure this would be resolved shortly after Ambassador Griffis returned to Poland.⁶

The Ambassador also alluded to the activities of the "green international"⁷ and the fact that Mikolajczyk's⁸ articles were being distributed in Poland. He said that these activities encouraged the Polish underground which led the Polish Government to take further measures to repress it and that these police measures caused increased anti-Polish feeling in the US.

I concluded the interview by repeating that the policy and objectives of the US Government in Europe were centered on the European Recovery Program and by stressing that I was sure the Ambassador

⁶ Ambassador Stanton Griffis, who was at this time in Washington for consultation, returned to Warsaw in February 1948.

⁷ The reference here is to the International Peasants Union; for documentation regarding the attitude of the United States towards anti-Communist émigré organizations, see pp. 396 ff.

⁸ Stanislaw Mikolajczyk, leader of the Polish Peasant Party who fled from Poland in October 1947.

personally recognized the reconstruction of Europe and not its domination was our aim.

NORMAN ARMOUR

860F.51/2-2548 : Telegram

The Ambassador in Poland (Griffis) to the Secretary of State

SECRET

WARSAW, February 25, 1948—4 p. m.

287. 1. Since my return ¹ I have given much thought to matter of contemplated International Bank loan to Poland for increased coal production and to that end have consulted exhaustively with fourteen selected members Embassy staff. Although after thorough and protracted discussion majority staff replied affirmatively when pressed to give "yes" or "no" answer to question whether they presently favored loan, it is nevertheless apparent that thinking here has changed materially since Embtel 1677, October 15, 1947.²

2. At that time, following premises formed basis of thinking: (a) power plants at Polish mines constituted weak point in production and if production rate was to be maintained or increased turbines and other heavy power units were essential; (b) primary purpose of loan was to enable Polish Government purchase such equipment, which would, however, not be available for 18 to 24 months after orders placed; (c) unless increased production thus stimulated substantial coal tonnage would not reach Western Europe; (d) benefits accruing to Polish Government from loan would not prevent continuation vicious attacks on US.

3. In review, consensus our thinking now as follows: (a) Polish Government contention (supported by UNRRA report of March 1947) that power plants require rehabilitation if target production to be met not supported by evidence; facts are that production did increase from 47.3 million tons in 1946 to 59.1 million tons in 1947 and latest available figures indicate production continuing slightly ahead of target; (b) in view of considerable time which must elapse before relief to this end could be had through benefits of loan we are not now convinced that in extremes Polish Government would be unable solve power rehabilitation problem by self-manufacture or purchase in Czechoslovakia or USSR or elsewhere; (c) evidence we now have of great need of Polish Government for dollars persuades us that coal exports to Western Europe will continue in substantial and increasing

¹ Ambassador Stanton Griffis returned to Warsaw in February 1948 following a period of leave in Washington for consultation.

² *Foreign Relations*, 1947, vol. iv, p. 456.

quantities whether or not loan made; (d) we feel slanderous and outrageous attacks on US will continue with or without loan. It must be remembered that when to Polish Government's advantage they regard International Bank as US dominated and when otherwise, as independent international agency. Therefore, if loan is small (47 million) US will be attacked for niggardliness; if large, for attempting purchase Poland's soul.

In conclusion, we continue hold view that dollar to satellite is dollar to USSR.

GRIFFIS

611.60F31/3-148: Telegram

The Ambassador in Czechoslovakia (Steinhardt) to the Secretary of State

SECRET

PRAHA, March 1, 1948—10 a. m.

251. I feel very strongly that Dept should seriously consider withholding approval of project of Czechoslovak steel industry to acquire about 25 million dollars equipment from [two American firms]. Embassy understands these contracts were made subject disapproval on political grounds. It is my understanding that Czechoslovaks have paid some four and half million dollars on this contract. I believe also that the Czechoslovaks purchase of the blast furnaces at Linz for about three million dollars should not be approved. This Czechoslovak money in United States might well be impounded to protect American claims against Czechoslovakia for property they seized or nationalized.

Under a semi-free economy perhaps there could be no valid objection to assisting Czechoslovak steel industry to eliminate obsolescence in productive equipment. However, since the economy is at present being thoroughly integrated with Soviet, any supplying of American industrial equipment to Czechoslovakia would contribute to promotion of Soviet politic-economic policy.

Dept's attention is invited to other Czechoslovak projects which have been contracted for or are pending and which might well be delayed or disapproved. They include the expenditure in the US of about 25 million dollars for motor vehicles producing machinery, the building of oxygen plant for the steel industry at a cost of about 1 million dollars, the purchase of 15 million dollars worth of hydrocol equipment for Stalin Works, and the construction of a rayon filament yarn plant for 5 million dollars. These projects may be expected to be pushed within the coming months concomitantly with the five year plan.

I have reason to believe that most of these projects were intended to benefit the Soviet Union.¹

STEINHARDT

¹ Telegram 417, March 25, to Praha, not printed, replied that the Department of State had no legal authority to effect any contract cancellations and in general had no opportunity to express its views on the negotiation of such contracts. Furthermore, the Department considered linking payments to American firms for equipment with the settlement of American property nationalization claims to be inappropriate and probably impracticable. However, effective United States control over the items mentioned by Ambassador Steinhardt would be assured by export licensing policy which would prevent the issuance of export licenses for such capital equipment or other items as would contribute to Soviet war potential (611.60F31/3-148).

740.00119 Control (Germany)/3-548: Telegram

*The Ambassador in Czechoslovakia (Steinhardt) to the Secretary of State*¹

SECRET

PRAGA, March 5, 1948—2 p. m.

296. As it seems most unlikely that Czechoslovak Communist dominated government will voluntarily give serious consideration to payment for American nationalized or seized properties, in order to place ourselves in a position to force a settlement by only means that has had any measure of success in dealing with Communists, Department may wish give consideration to the immediate temporary suspension of reparations deliveries to Czechoslovakia from Germany while at the same time temporarily suspending shipment under contracts from US of products of heavy industry on which several million dollars of advance payments have been made, thereby indirectly impounding these funds.² Although detailed figures not available to me, I under impression that value of reparations deliveries from Germany not yet made and advance payments made under contracts for products of heavy industry in US about equal the initial payment we had contemplated seeking under a global settlement for American nationalized properties. There is the further element as pointed out in one of my recent telegrams that certain of the products of heavy industry for which orders have been placed in US and down payments made are critical items of rehabilitation of Czechoslovak steel industry which we are now on notice is to operate exclusively for benefit of Soviet Union. Thus for example, I would regard it as most inadvisable to permit delivery of strip mill for which contract was entered into by Czech Government with [an American firm] as I am informed that output of mill would contribute materially to production of tanks for Soviet Army.

STEINHARDT

¹ The Department replied to this telegram 417, March 25, to Praha, summarized in footnote 1, above.

² Documentation on United States reparation policy is included in volume II.

611.6131/2-948

*Memorandum Prepared in the Department of Commerce*¹

CONFIDENTIAL

[WASHINGTON,] March 9, 1948.

Subject: Export Controls to Eastern Europe

The National Munitions Control Board exercises authority over the shipment of arms, ammunition, and implements of war to all parts of the world. Other commodities are subject to export license controls administered by the Department of Commerce.

In the latter category, all shipments to the U.S.S.R. and satellite countries, regardless of whether or not the goods concerned are in scarce supply in the United States, have been subject to individual licensing since March 1.² An interdepartmental committee is studying the situation with a view to making policy recommendations as to what commodities should be denied to Eastern Europe.³ Meanwhile, the Department of Commerce is using its discretion in the granting or refusal of licenses for such destinations.

No provision has been made, nor is it administratively practical with the present budget and personnel of the Department of Commerce, to prevent re-exports of American materials to Eastern Europe by other countries. Also, the United Kingdom and other foreign states have made trade agreements with the U.S.S.R. permitting the export to the U.S.S.R. of materials that we do not want our own exporters to contract for.

The best method to protect against undesirable transshipments would be through the use of navicerts. Failing that drastic procedure, we might arrange for other nations to stop such transshipments from

¹ The source text bears the following notation by Secretary of State Marshall: "Discussed at Forrestal luncheon by Bruce and Harriman of Commerce. Prepared by Bruce. GCM. Decision: To have present inter-Dept Committee draft policy for high level consideration. GCM."

² Regarding the licensing procedure under reference here, see the Department of Commerce press release of January 15, p. 514.

³ The Second Decontrol Act of 1947, Public Law 188, 80th Congress, 1st Session, July 15, 1947 (61 Stat. 321) extended certain emergency powers given to the President under the Second War Powers Act of 1942 required to support the foreign policy of the United States. Some of these emergency powers, having to do with the control of international trade, were to be exercised for the President by the Secretary of Commerce. An Advisory Committee, under the chairmanship of Assistant Secretary of Commerce Bruce, was established to assist the Secretary of Commerce in the execution of these powers. In March 1948, an inter-Departmental body, called the *Ad Hoc* Subcommittee of the Advisory Committee, was established. The *Ad Hoc* Subcommittee included representatives from the Department of Commerce, the Department of Agriculture, the Atomic Energy Commission, the Department of Interior, the National Security Resources Board, the Munitions Board of the National Military Establishment, and the Department of State. On March 26 Secretary of Commerce Harriman announced the existence of the *Ad Hoc* Subcommittee and explained that it was developing policies on the export of industrial materials that would contribute to the war potential of the Soviet Union and its satellites.

their territories. The bilateral agreements to be made under the European Recovery program would afford an excellent opportunity so far as the cooperating nations are concerned to provide against transshipments.

It is assumed that the Atomic Energy Commission is engaging in what preemptive buying of fissionable materials is possible. It would also seem advisable that the advantages of preemptive purchasing be taken into account in connection with the stockpiling programs.

We have no definite control over the exportation of unclassified technological data, or over the services of individual technicians sent to Eastern Europe. It is felt that the latter problem should be partially dealt with by the State Department scrutinizing closely the issuance of passports to American citizens, and by limiting the grant of visas to foreigners applying for entry to the United States.

In bringing all exports to Eastern Europe under control we have for some months had the full cooperation of all American manufacturers whom we have interviewed. Two main problems are presently presenting themselves: 1. In regard to shipments covered by Export-Import bank loans; 2. Affecting hardship cases where American manufacturers entered into contracts in good faith (and usually a year or more ago) and where they would suffer significant financial losses if licenses were refused.

661.6131/2-948

*Memorandum of Conversation, by the Acting Adviser to the Division of Occupied Areas Economic Affairs (Koch)*¹

SECRET

[WASHINGTON,] March 16, 1948.

Participants: Willard L. Thorp, State (part of meeting)
 C. Tyler Wood, State²
 David K. Bruce, Ass't Secretary of Commerce
 Thomas C. Blaisdell, Jr., Director of OIT, Commerce
 (part of meeting)
 George L. Bell, Ass't Director of OIT, Commerce
 J. M. George, Commerce
 Jacques Reinstein, State³
 Karl Anderson, State⁴
 Willis C. Armstrong, State⁵
 Henry Koch, State

¹ This conversation was held in the office of Assistant Secretary of State Willard Thorp on March 16, 1948, from 10 a. m. to 12:30 p. m.

² Deputy to Assistant Secretary Thorp.

³ Special Assistant to Assistant Secretary Thorp.

⁴ Assistant Chief of the International Resources Division.

⁵ Adviser on State Trading, Division of Commercial Policy.

INTRODUCTION

The meeting was called by Mr. Wood in order to obtain, if possible, a clearer understanding of the objectives of the various government agencies concerning possible economic warfare against the USSR and its satellites. The *Ad Hoc* Subcommittee of the Advisory Committee⁶ had been informed in a memorandum from Mr. Bruce, dated March 10, 1948,⁷ that the Committee was requested to study and make recommendations which could be submitted to the Cabinet by the Advisory Committee regarding procedures under which a peacetime economic warfare organization might function. These instructions resulted from a meeting between Secretaries Marshall, Harriman and Forrestal at which Mr. Forrestal requested that this matter be given immediate attention. Secretary Marshall in a separate memorandum⁸ to the Department had pointed out the importance of this problem and had stressed the same general lines as had Mr. Harriman.

STATEMENT OF THE PROBLEM

Mr. Bruce, in stating the position of the Department of Commerce, emphasized the necessity for studying and formulating a statement on the means available for economic warfare, including the proper organization setup. Mr. Wood stressed that, in his opinion, it was first necessary to determine what policy the government should follow regarding possible economic warfare and that a study should be made by an appropriate inter-governmental group concerning the value of peacetime economic warfare to the national security of the U.S.

After some discussion it was decided that Mr. Wood's proposal was acceptable. There followed a consideration of the proper intergovernmental body to be used for this study and it was finally decided that it would be most expedient to use the machinery of the *Ad Hoc* Subcommittee of the Advisory Committee as this Committee had broad representation of the government agencies that would be concerned with this problem and that other agencies, such as Treasury Department and the Department of Justice, could be invited to send representatives.

DISCUSSION OF OBJECTIVES

During the course of the discussions it was brought out that the objective of the U.S. was to inflict the greatest economic injury to the USSR and its satellites and, at the same time, to minimize the damage to the U.S. and the Western Powers resulting from (a) probable Soviet retaliation, and (b) inability of the East to continue exports of certain supplies to the West. It was pointed out that there were

⁶ Regarding the *Ad Hoc* Subcommittee, see footnote 3 to the memorandum of March 9 by the Department of Commerce, *supra*.

⁷ Not printed.

⁸ Secretary Marshall's memorandum has not been found.

many courses of action available short of complete embargo and sanctions and that the effect desired might well be better obtained by permitting selective trade to continue in order that the West, particularly the ERP nations, continue to obtain supplies, such as timber, coal and grains, from the East, especially during the current year. Mr. Blaisdell mentioned that it might be well to consider export commodities as a spectrum, the upper part of which would include atomic energy materials, implements of war, etc., which would be embargoed to the Soviet sphere and the lower half would include commodities which would be made freely available within normal volume limitation. Commodities in the middle of the spectrum could be used in various manners and might be employed as a weapon to obtain vital supplies from the East. The general feeling of the group was that prior to the time when the use of economic warfare might be advantageous to the security of the U.S., an interim period would exist during which bilateral agreements between the U.S. and the various Eastern countries might be negotiated under which considerable exchange of goods would be permitted.

Mr. Blaisdell expressed the thought that consideration should be given to positive political and scientific measures that should be instituted, not only to weaken our potential economies [*enemies?*] but also to encourage and strengthen our friendly nations and potential allies. The group believed that the ideas expressed in Mr. Blaisdell's statement were sound but that the group was not concerned with those topics and should limit discussion to the subject at hand.

CONCLUSION AND RECOMMENDATIONS

In order to forestall possible hasty action based upon an emotional approach by Congress or the Military Establishment fanned by certain articles appearing in the press, it was decided that a survey with recommendations should be immediately undertaken covering (A) The probable results of a complete cutoff in trade between the USSR and its satellites, and (1) the U.S.A., and (2) the U.S.A. and the Western World, and (B) selected trade which would be permitted between the U.S. and Eastern Europe. It was decided that the *Ad Hoc* Subcommittee should set up appropriate sub-working committees in order to complete a preliminary study by March 29. It was further decided that the *Ad Hoc* Subcommittee should consider the problem of obtaining the cooperation of other countries, particularly those countries participating in the ERP, in order to contribute to the security of the U.S. and the Western nations. Finally it was agreed that the *Ad Hoc* Subcommittee would study and make recommendations concerning the type of organization necessary to be established in the event of war.

[HENRY KOCH]

Executive Secretariat Files

*Memorandum by the Secretary of State*¹

SECRET

[WASHINGTON, March 26, 1948.]

CONTROL OF EXPORTS TO THE SOVIET BLOC

The problem of limiting Soviet war potential by controlling Soviet imports from the United States cannot be considered without reference to Soviet imports from other sources. At present imports from Western Europe substantially exceed those from the United States and are expanding at a rapid rate. Control of imports from the United States, therefore, is of only partial effectiveness in dealing with the problem.

The trade between Western Europe and Eastern Europe is an important factor in the European Recovery Program. Grain, timber and coal are to be obtained from Eastern Europe. This trade was recognized by the Senate Foreign Relations Committee in its recent report on ERP, as well as in the latest statement by Mr. Hoover.² Soviet Bloc trade with the ERP countries amounted to about \$11½ billion in 1947. A curtailment of this trade would mean increased demand on the United States, both in terms of money and in terms of physical supplies, much of which could not be supplied without the institution of drastic domestic controls.

Under these circumstances, we should maintain a selective control under which certain key commodities are denied export licenses from the United States to the Soviet Bloc. At the same time, the principal alternate sources in Western Europe and Canada should be persuaded to curtail similar shipments to the Soviet Bloc. The commodities should be those the denial of which would affect production in key segments of the Soviet and satellite economies. An interdepartmental committee started work on this subject. It should be instructed to prepare an analysis of Soviet requirements from abroad with a view to rating them in terms of their strategic value to Soviet economy.

It is likewise important that our restrictions on trade should not cause the Soviet Bloc to limit the strategic materials which they have been supplying to us. It is believed that this can be accomplished by our refusing to issue export licenses unless we are assured of the supplies which we desire. This would mean that we deal with the Soviets on a strictly *quid pro quo* basis with respect to the significant items of trade between the two countries.

¹ The source text was included as Appendix B to document NSC 46, Report to the National Security Council by the Secretary of State on Understandings on Export Control in East-West Trade, May 3, 1949. A notation on the source text states that this memorandum was presented to the Cabinet by Secretary Marshall on March 26 and that it was approved.

² Former President Herbert Hoover.

Such a program meets the three main requirements of the situation :

1. It does not destroy East-West trade ;
2. It limits exports of significant items to the Soviet Bloc ; and
3. It gives greater assurance that the United States will obtain the strategic materials which it wants from the Soviet Union.

Editorial Note

On March 26, 1948, President Truman issued a Proclamation (No. 2776) which redefined arms, ammunition and implements of war so as to include commercial aircraft of less than 35,000 pounds, a category of exports which had not been subject to licensing control in 1947, and so as to include a number of miscellaneous categories of equipment of a military nature, also not previously included in the definition of arms. The export licensing procedures of the Munitions Division of the Department of State were to be used in implementing the Proclamation which had received the usual clearance by the National Munitions Control Board. It was expected that these additional controls would be exercised in such a way as to prevent the shipment of goods in these categories to any of the countries of Eastern Europe. For the text of the Proclamation, see 13 Federal Register 1623.

660C.6131/4-348 : Telegram

The Ambassador in Poland (Griffis) to the Secretary of State

SECRET

WARSAW, April 3, 1948—3 p. m.

477. Embassy has utilized Grosfeld's¹ presence here during past week (he returned Moscow April 3) to review Polish foreign trade position with him, his principal deputy Horowitz, and with Lychowski Director Economic Department Foreign Office. All are spokesmen for Minc though Lychowski partially responsible also to Modzelewski.² On basis two comprehensive conversations with each, following facts and conclusions emerge :

1. Berman³ has been eclipsed and strong men present regime, in probable order importance, are Gomulka⁴ and Minc. Latter absolute

¹ Adam Grosfeld, Polish Minister for Navigation and Foreign Trade.

² Zygmunt Modzelewski, Polish Minister for Foreign Affairs.

³ Jakub Berman, Member of the Politburo of the Polish Workers Party and Under Secretary of State in the Polish Council of Ministers.

⁴ Wladyslaw Gomulka, First Secretary and Member of the Politburo of the Polish Workers Party (until September 1948) ; Polish Minister for the Regained Territories.

Czar over Polish economy and has also assumed highly important political functions.

2. Present American export controls, and particularly our refusal of export license for blooming and slabbing mill now being manufactured by [an American firm] for sale to and export by Polish-American Supply Corporation, New York viewed very seriously by Minc and may cause reversal present Polish foreign trade policy and pattern.

3. Grosfeld and Horowitz have led fight for trade with west, featured by search for dollars. Pattern of this trade has been to forsake strict bilateral agreements with balanced clearings in favor of bilateral agreements calling for favorable or adverse balance of payments to be liquidated in dollars or other free currencies which could be utilized by Poland in purchasing needed capital goods and raw materials from US and dollar area. In this way Poland has maneuvered trade, especially in coal, to earn dollars 80 million since war. Minc has always been suspicious of this pattern and has favored strict bilateral clearing arrangements with countries dependent on Polish exports and those which might not be expected to follow lead of US export embargoes to Poland. Switzerland, Sweden and Belgium and to lesser degree France, Italy and Great Britain deemed to fall in latter category. Institution of American export licenses and action regarding blooming mill have strengthened Minc's arguments versus contrary school that long-range interests of Poland not served by earning dollars for purchases of goods which may later be boycotted by US.

4. This consideration plus political factors makes Poland hesitant to activate trade agreement with Bizonia. Grosfeld after conversation with Minc has left distinct impression that such will be done only if bilateral clearing arrangement established, though it would be interested in purchase of scrap or sale of coal outside clearing.

5. Poland would regret forsaking present pattern of foreign trade and necessity of increasing trade relations with eastern bloc as it is realized that such would delay recovery. Nevertheless Minc believes eastern bloc could be made self-sufficient within a few years and that reorganizing Polish foreign trade on strict balance clearing basis would insure Poland against dangers of boycotts from US or certain other countries. He thus reflects fear that at crucial time ERP will become weapon of economic warfare versus eastern bloc.

6. Poles believe trade agreement with Great Britain will not be abrogated in whole or part by British and that Switzerland and Sweden will not follow lead of any US boycott of shipments of capital goods to Poland. Perhaps under Kremlin inspiration and in effort drive wedge between US and UK Grosfeld has stated that Poles view with extreme disfavor American efforts to force devaluation of the pound.

7. Grosfeld states Poland will understand discrimination against Poland in favor ERP countries in export licensing of articles of interchangeable utility but that blooming mill a special case, that it cannot be used in another country without substantial alterations, and that in view fact that Poland has paid 70% purchase price, he can only view

our action as overt discrimination and indication of policy to impede Polish recovery. Though acknowledging fact that mill might be considered war potential, he points out that in present world of total wars any commodity, including food, may be considered war potential.

8. My own opinion is that the entire argument as stated above is completely specious and represents carefully rehearsed instructions and the fine Italian hand of Minc. It is part and parcel of the campaign arranged in consultation with Winiewicz and Zoltowski⁵ to bring pressure on the US Government in connection with the settlement of the various matters under negotiation such as the nationalization agreement, lease-lend settlements, etc. It does not make sense to me that the Polish Government does not desperately desire dollars which can be used to purchase capital goods in substantially any country in the world which has such goods.

9. As to the mill, my understanding is that it will not be completed before July. It could not thereafter be shipped and installed here within a year. It could not then be placed in operation before completion in late 1949 of subsidiary electrical equipment being manufactured by [an American firm]. Poles intend to pay balance under contracts even if molds not shipped because of inability to obtain export license. But even if licenses granted, seems unlikely plant could be brought into operation until mid-1950 at earliest, and probably later.

10. Since dictating the above, I have received your cable 205 April 2.⁶ Certainly the Department is correct in stating that the licenses are not connected in any way with the nationalization agreement and/or the lease-lend settlement. However, I greatly hope and urge that no favorable action will be taken on the export licenses except in constant consultation with this Embassy. Whatever the connection or lack of connection with the other financial agreements may be, there is certainly a connection between any favors which may be asked by the Polish Government from the US Government and the continual and unceasing violation by the Polish Government of the most elemental amenities between governments. I refer to the daily vicious poisonous and lying attacks of every newspaper in Poland against the US Government and its personalities, from President Truman and the Secretary down. I refer to the continued and barbarian refusal of the Polish Government to permit any representatives of this Embassy to visit bona fide American prisoners held under medieval conditions and incommunicado. I refer to the insulting and constant espionage on our people, both within and outside of the Embassy. There is a connection here and a real one. I might go along with the theory that this is not the time for a showdown, but the time must come, and we should not, without serious consideration, give up any trading elements which may appear.

GRIFFIS

⁵ Janusz Zoltowski, Financial Counselor of the Polish Embassy in the United States.

⁶ Not printed.

860C.5034/4-948

*Memorandum of Conversation, by the Assistant Secretary of State
for Economic Affairs (Thorp)*

[WASHINGTON,] April 9, 1948.

Participants: The Polish Ambassador ¹

Mr. Litynski ²

Mr. Thorp

Mr. Ness (OFD) ³

Mr. Oliver (EP) ⁴

Mr. Elbrick (EE) ⁵

The Ambassador said that he had visited Warsaw recently to take up with the Polish Government the various problems involved in Polish-American relations, particularly the question of the signing of a nationalization agreement and a lend-lease settlement.⁶ He said that he had expressed himself as favoring the early conclusion of these two agreements but that he had encountered certain difficulties with the members of the Polish Government. He explained that the Government, and particularly Minister of Industry Minc, was "disillusioned and disappointed" over the lack of progress in connection with the various matters which Poland had taken up with the United States. He referred particularly to Poland's failure to obtain a cotton credit and post-UNRRA relief and to the unsatisfactory results of the Surplus Property Agreement negotiated in April 1946.⁷ With respect to the last, he said that while Poland had made purchases up to approximately 60 per cent of the total credit of 50,000,000 dollars before it was terminated, the Poles were unable to obtain vitally needed equipment such as bulldozers, shovels, etc. He went on to say that this unfavorable atmosphere had been increased in the eyes of the Polish Government by the fact that since the introduction of American export controls, Poland had not been able to obtain export licenses for much needed equipment which would play an important part in the economic recovery of Poland and western Europe. Accordingly, and in the fear that American export policy might amount to a virtual embargo of shipments to Poland, the members of the Polish Government had been extremely reluctant to proceed any further with nego-

¹ Jozef Winiewicz.

² Zygmunt Litynski, Commercial Counselor of the Polish Embassy in Washington.

³ Norman T. Ness, Director, Office of Financial and Development Policy (OFD).

⁴ Covey T. Oliver, Acting Chief, Division of Economic-Property Policy (EP).

⁵ C. Burke Elbrick, Assistant Chief, Division of Eastern European Affairs (EE).

⁶ Previous documentation on the problem of economic assistance to Poland is presented in *Foreign Relations*, 1947, volume iv.

⁷ Regarding the agreement under reference here, see footnote 5, to the memorandum of conversation by Armour, January 30, p. 518.

tiation of the nationalization agreement and the lend-lease settlement. However, he had succeeded in obtaining the Government's authorization to conclude the nationalization agreement and to begin discussions looking to the signing of a lend-lease settlement as soon as the question of export licensing has been "clarified".

I said that I thought that there was no need to go over the various matters of the past which he had mentioned, and on which we held different views. I thought that we should confine our discussion to current matters, and I told the Ambassador that I felt that it would be most desirable to effect some tangible demonstration of our mutual desire to improve Polish-American relations. I said, however, that I felt that it was improper to link the question of the nationalization and lend-lease negotiations with that of export licenses, and that in our view there are no grounds for making one contingent upon the other. I asked him, therefore, if it would not be possible, in order to save time, to proceed immediately to a discussion of the lend-lease settlement while awaiting the clarification of the export license procedure.

The Ambassador said that he had already explained the "margin" of discretion which the Government had given him. He emphasized the fact that he is in a position to conclude without delay the nationalization agreement as drafted in March 1947 and to undertake discussions looking to a lend-lease settlement as soon as the question of export licenses had been "solved". He indicated that even this authorization had been difficult to obtain from the Polish Government. He said that he would appreciate an explanation of our export licensing policy.

I told the Ambassador that this matter had been the subject of continuous study for some weeks and that our policy is still in the formulation stage. I said that, as he doubtless knew, our present export control had its origin in the international political situation. A series of events culminating in the recent change of government in Czechoslovakia had had a disquieting effect on the American public, and, as he must have read in the American press, there are some who fear that a war is inevitable. Under the circumstances, and influenced by public opinion, it had been necessary to institute certain export controls to prevent the shipment of any materials which might augment the military potential of the eastern European bloc of states. It is clear, therefore, that licenses would not be granted for war materials. It is also clear that there many items of international trade which obviously could not be considered as helping the war potential, and these would, of course, receive export licenses. Between these two extremes, however, there is a wide range of items which provide the

subject of the study which this Government is now making. I said, therefore, that within the limitations of the policy now being formulated, this Government hopes and expects that trade will be continued with eastern Europe. I stressed the fact that popular pressure for the implementation of export controls is due, as he would understand, chiefly to the present tension in international affairs. I said that I wished to explain this matter to him frankly, perhaps more frankly than I should, in order that he might understand the situation thoroughly.

The Ambassador said that he appreciated my frankness. He said that Poland, too, is interested in retaining its trade relations with western countries as evidenced by the fact that it has recently negotiated, or is now negotiating, trade agreements with western European countries. He explained, with the help of Mr. Litynski, that the items for which the Polish Government is so vitally interested in obtaining export licenses are necessary for the industrial development of Poland, particularly the coal industry. He said that the acquisition of these items would not only permit Poland to increase its trade with western countries but would also aid Poland in paying compensation to Americans under the proposed nationalization agreement. He said that these items fall into two main categories: (1) a blooming mill which would aid in the production of coal cars and other transportation equipment; (2) items for which orders had been placed under the Export-Import Bank credit of \$40,000,000. He said that the license for the blooming mill had been refused and that the Embassy had not yet appealed the case, which it must do within 60 days. Of the total Export-Import Bank credit, some \$12,000,000 worth of equipment, approved by the Export-Import Bank, remained to be shipped, but no export licenses had as yet been forthcoming. He asked if we could designate someone within the Department of State with whom Mr. Litynski could discuss these matters.

I said that I could not agree to the linking of these two questions of export licenses and nationalization and lend-lease agreements and that we could not even suggest to those responsible that the two agreements be taken into consideration in connection with the licenses. I said that I wished to make it clear that we considered these matters to be separate and we felt that they should be treated entirely separately. I asked the Ambassador whether he meant to say that further discussion of the nationalization agreement and lend-lease settlement could not proceed until such time as the export license question has been clarified.

The Ambassador said that during his visit to Warsaw, the State Department had been anxious to learn whether any action would be

taken to prejudice the interests of American property owners prior to the signing of the nationalization agreement. He said that Minister Mine had given assurances that no such action would be taken, and he made particular reference to the Giesche Company (Silesian American Corporation). He said that this "breathing spell" should relieve our anxiety on this point and should be sufficient evidence of the Polish Government's good intentions. He repeated his request that Mr. Litynski be permitted to discuss the whole matter of export licenses with a designated officer of the Department.

I told the Ambassador that matters had not yet reached a point where I could inform him definitely on this point. I said that I would be glad to arrange such a meeting but that it might be several days or perhaps longer before things are sufficiently crystallized to enable the Department to discuss these matters in detail.

WILLARD L. THORP

611.60F31/4-2248

*Mr. William L. Clayton, Adviser to the Secretary of State,
to Senator Arthur H. Vandenberg*¹

WASHINGTON, April 22, 1948.

MY DEAR SENATOR VANDENBERG: I have reference to our recent conversation in which we discussed the signature by Czechoslovakia of the Protocol of Provisional Application of the General Agreement on Tariffs and Trade,² and the implications of this action for the United States in the light of the events surrounding the governmental changes of last February in Czechoslovakia.³ This matter has been given the most careful study both within the Department of State and in meetings of the President's Cabinet.

The President today has decided to issue a proclamation putting into effect the provisions of the General Agreement on Tariffs and Trade with respect to Czechoslovakia, thereby implementing an obligation entered into by this Government more than five months ago, on October 30, 1947, when the General Agreement was concluded at Geneva, and prior to the Communist coup of February, 1948. Since Czechoslovakia has now placed the General Agreement in effect with respect to the United States and the other contracting parties, this country

¹ Identical letters were sent to Senator Alben W. Barkley and to Representatives Joseph W. Martin, Jr., Sol Bloom, and Robert A. Grant.

² Documentation regarding the negotiation of the General Agreement on Tariffs and Trade, completed at Geneva on October 30, 1947, is included in *Foreign Relations*, 1947, volume I.

³ For documentation regarding the attitude of the United States with respect to the Czechoslovak governmental crisis of February 1948, see pp. 733 ff.

as well as the other contracting parties is obligated to apply the agreement to Czechoslovakia. This Government's attitude towards the events of last February in Czechoslovakia has not changed from that indicated in the joint statement of February 26, 1948 by the Secretary of State of this Government and by the Foreign Ministers of the Governments of the United Kingdom and France.⁴ These events, however, do not directly affect the legal status of the reciprocal obligations under the General Agreement.

The General Agreement is a comprehensive trade agreement among twenty-three countries. It is part of a worldwide program, sponsored by the United Nations and actively participated in by the United States, designed to reduce trade barriers and to restore international trade to an orderly and stable basis. It is clearly to the interest of such a program to include the fullest possible participation by any countries which are willing to undertake the necessary obligations.

Concern has been expressed by a number of persons that making effective the General Agreement as between the United States and Czechoslovakia will give undue assistance, without receiving adequate reciprocal advantage in return, to a country subject to the influence of the Soviet Union, while depriving the American economy of the goods which are necessary to maintain our defensive strength. I would like to emphasize in particular that should Czechoslovakia or any other contracting party fail to fulfill the obligations of the Agreement or adopt any policy which impairs or nullifies the tariff concessions, the application by the United States to that country of such obligations or concessions under the Agreement as may be appropriate in the circumstances may be suspended. In addition, if, as a result of unforeseen circumstances, any of the concessions extended in the Agreement should result in such increased imports from Czechoslovakia as to cause or threaten serious injury to domestic producers in this country, the United States is free to withdraw or modify the concessions to the extent necessary to prevent or remedy the injury.

In addition to this safeguard with respect to imports, the United States also exercises export controls to protect the American economy generally, to promote the objectives of foreign policy, and to safeguard national security. Since March 1, 1948, no shipments to European destinations, including Czechoslovakia, can be made without appropriate license. These export controls prevent shipment of goods contrary to the national interests of the United States.

There is enclosed a statement being issued to the press today which contains some of the considerations discussed in this letter and out-

⁴ For the text of the Declaration under reference here, see the editorial note, p. 738.

lines the pertinent facts relating to the reciprocal concessions included in the General Agreement on the part of the United States and Czechoslovakia.⁵ It should be noted that the entry into force of these concessions granted by the United States on products of special interest to Czechoslovakia, will also benefit certain other countries which signed the General Agreement in Geneva and which are participating in the European recovery program.

Sincerely yours,

W. L. CLAYTON

⁵ For the text of the statement under reference here, see Department of State *Bulletin*, May 9, 1948, p. 610.

660.119/5-648

*Report by the Ad Hoc Subcommittee of the Advisory Committee of the Secretary of Commerce*¹

SECRET

[WASHINGTON,] May 4, 1948.

Ad. Hoc/Doc. 31 (Final)

At your request, the *Ad Hoc* Subcommittee set up an Economic Working Group to formulate recommendations with respect to the various economic instruments which could be used, as required, for implementing U.S. foreign policy. Control of trade is an effective instrument for this purpose. In view of the urgency of clarifying export control policy with respect to Eastern Europe, the Working Group has concentrated its attention on this problem thus far. This report of the *Ad Hoc* Subcommittee is based on Working Group studies. It will be followed by subsequent reports on other economic instruments.

In the judgment of the Subcommittee, U.S. policy on trade with Eastern Europe has three major objectives:

1. To assist Western European countries in obtaining necessary imports from Eastern Europe.
2. To prevent or delay further increase in the war potential of Eastern European economies.
3. To insure an adequate flow of manganese, chrome, and to a lesser extent, the platinum group of metals, and other essential commodities, from Eastern Europe to the U.S.

¹ This Report was addressed by the Chairman of the *Ad Hoc* Subcommittee to the Chairman of the Advisory Committee.

A copy of this Report was sent to the Ambassador in the United Kingdom, Lewis W. Douglas, under cover of a letter from Edwin M. Martin, Chief of the Division of Occupied Areas Economic Affairs. Martin explained that the Report was submitted to the Secretary of Commerce on May 6 for presentation to the Cabinet on May 7. Ambassador Douglas was to use the Report in connection with his discussions in London with British, French and Benelux officials of the question of reparations deliveries to the satellite nations (London Embassy Files, 1948, File—850 Reparations).

It must be recognized frankly that full pursuit of the first and third objectives is not compatible with the second. Yet, in the judgment of the Subcommittee, it is possible to make some progress toward all three goals simultaneously.

It is obvious, however, that choices must be made. Consequently, it is necessary to evaluate the relative importance of the three objectives.

1. *East-West Trade in Europe*

During the four years of the ERP, it is estimated that Western European countries will require between \$5 and \$6 billion of imports from Eastern Europe. They expect to export about the same amount in terms of value to Eastern European destinations. The major raw material items supplied by Eastern Europe are: grain, timber, coal, and potash. They are essential for Western European recovery. Insofar as this trade is choked off, the ultimate burden on the U.S. would be increased, both in terms of dollars and commodity exports. This added burden might require further control measures in the United States, and there would be less assurance that the material requirements of the ERP countries could be met.

2. *Imports into the U.S. from the U.S.S.R. and Satellites*

The U.S. needs manganese, chrome, and platinum group metals from the U.S.S.R. Other imports from the Soviet bloc are important to certain industries, but not to the strength of the economy as a whole. It appears possible that these imports of manganese, chrome, and platinum might be replaced sometime in 1949 if all suitable measures are promptly taken and actively pursued. This prediction is based on favorable assumptions with respect to political stability in countries where new supplies are expected to be available. Several million dollars worth of scarce equipment may have to be diverted from domestic and other foreign programs in order to boost imports from alternative sources rapidly.

If supplies of manganese and chrome from the U.S.S.R. are cut off before imports from other sources are increased by an equivalent amount, maintenance of present steel output would reduce privately owned stocks to a seriously low level within one year. Strenuous and unpopular conservation measures may be required.

The U.S.S.R. can probably be replaced with relative ease as a source of platinum and related metals, but presently available data do not indicate the time and cost involved.

3. *Strategic Value of Trade With Eastern Europe*

The Soviet bloc obtained goods valued at about \$425 million in 1947 from the U.S., less than 3% of our exports. Over two-thirds of the \$150 million exports to the U.S.S.R. were machinery and vehicles.

During the last half of the year, this percentage rose to about three-fourths. Including UNRRA shipments, between $\frac{1}{2}$ and $\frac{2}{3}$ of shipments to other Eastern European countries in 1947 were foodstuffs, textiles, and miscellaneous.

Several of the Eastern European countries, including the U.S.S.R., strongly desire complex equipment from the United States. In part this equipment is for the purpose of initiating or expanding industrial output and services in certain lines; in part it is to serve as prototypes for production of similar equipment there. It is probable that at the present time much of this equipment cannot be obtained elsewhere in the desired qualities and quantities, if at all.

The effects of restrictions on exports to the Soviet bloc would be more severe for some of the industrialized satellite countries which have a considerable volume of trade with the West—especially Czechoslovakia and Poland—than for the U.S.S.R. proper, or for the less developed countries whose trade is largely within the Soviet sphere (for example, Bulgaria and Albania). However, the effects on the satellite countries would be in general to retard their further industrialization and to restrict their future contributions to Soviet war potential. As to the Soviet Union proper, it is likely that certain dislocations in Soviet industrialization plans would be accentuated by restrictions on trade, both because of the loss of goods and the loss of new techniques and know-how, for which the Soviet bloc has to look to the U.S. to a large extent in certain industries. To what degree this would affect the Soviet war potential is difficult to forecast.

Conclusion With Respect to Trade Between U.S.S.R. and U.S.

Prior to March 1, 1948, the U.S. was exporting goods to Eastern Europe which, in the aggregate, had greater strategic value to the recipients than the imports received from that source had for the United States. In the judgment of the Subcommittee such an imbalance should not be permitted to continue.

A selective control over exports from the U.S. should be maintained in order to deny the Soviet bloc certain key commodities which affect vital segments of the Eastern European economy. In general such controls should have as their objective the prevention of a net transfer, directly or indirectly, of war potential from this country and Western Europe to Eastern Europe.

The Munitions Control Board, acting through the State Department, consistently refuses licenses for shipments of arms, ammunition, and implements of war to the Soviet bloc. A new and expanded definition of such items is included in the Presidential Proclamation of March 26, 1948.

Many items other than munitions should not be exported at all to Eastern Europe, because they have too great military or strategic value. On the other hand, it is worthwhile exporting some relatively plentiful items, including some with strategic value, on a *quid pro quo* basis, to ensure the availability to the U.S. of manganese, and chrome. It is even more important that we not take such drastic measures as to force the U.S.S.R. to interrupt East-West trade in Europe in retaliation. In addition it is desirable to ship certain types of equipment to Eastern Europe which will increase output of items badly needed in the ERP, provided there is reasonable assurance that increased output will in fact be available to the ERP countries.

5. Recommendations

This report concentrates on the short-run problem of trade relations with Eastern Europe. Long-run policies can be worked out only on the basis of developments during the initial months ahead.

At present there is a virtual embargo on exports to Eastern Europe. Practically no licenses are being approved. The Cabinet has already decided that trade must proceed under appropriate restrictions. The U.S. and the ERP countries are in danger of a counter embargo, for example, on chrome and manganese. There is urgent need to approve some license *applications* for Eastern European destinations immediately pending development of *quid pro quo* policies. Those which cannot be approved immediately should be denied as rapidly as possible or held specifically for *quid pro quo* bargaining purposes.

The following recommendations are directed at the objective of getting some export licenses approved in May. Policy and procedure for subsequent months can be developed later.

A. The Subcommittee proposes that a program determination be approved which would define four priority classes into which all commodities should tentatively be divided:

1. Class 1 is defined as commodities which, by their nature, or because they can readily be converted, are of direct military significance or important in the manufacture of munitions; or commodities of the highest significance the denial of which would affect strategic sectors of the economy of the Soviet bloc. Whether or not an item is in short supply in the U.S. should have no influence on its inclusion in or exclusion from Class 1. (Note: Class 1 items should not be shipped from the U.S., to any Eastern European destination except in extraordinary circumstances. See B below.)

1A. Class 1A is defined as military and semi-military items which should ultimately be controlled as munitions but which do not fall within the definition of munitions now in use. These items should be regarded as in Class 1.

2. Class 2 is defined as commodities of important though indirect military significance or of considerable importance to the industrial potential of Eastern European countries.

3. Class 3 is defined as items which do not have any particular military significance in either peace or war but are of some importance in maintaining the basic economy of Eastern European countries.

4. Class 4 is defined as commodities of no particular significance either from a military point of view or to the maintenance of the economies of Eastern Europe; the so-called "non-essential items".

The program determination should list commodities and materials according to priority category. Illustrative lists are attached to this memorandum.³ (As soon as these lists can be established, the OIT should define the items on it further by code number.)

3. Special consideration should be given to granting licenses which otherwise might not be granted where:

1. The items will contribute directly and substantially to the availability to ERP countries of items essential to them and difficult to procure in adequate quantities from other sources, or

2. The granting of a license can be used to procure a substantial *quid pro quo* for the U.S. or the nations associated with it.

In addition, account should be taken of any undue hardship on a U.S. manufacturer or exporter who has made commitments in good faith prior to any public knowledge of the institution of present export controls.

In general the granting of licenses for goods in categories 2 and 3 will depend largely on the extent to which each individual Eastern European country agrees to make political or economical concessions, including provision of exports of needed goods to the U.S. and to Eastern European countries. It may be expected that licenses will be granted less freely if the pattern of a country's requests for licenses is heavily weighted with strategic items. Pending the possible establishment of more formalized *quid pro quo* bargaining arrangements, strict caution should be used in granting licenses for Class 2 commodities, and unusual shipments of particular items in Classes 3 and 4, or an excessive overall volume of exports should not be licensed. Requests considered to be excessive should in general not be denied, but action should be withheld pending an opportunity to arrange for adequate compensation.

C. The foregoing categories of goods, classified primarily for reasons of security, must be considered in proper relationship to the positive list of items in short supply. Insofar as administrative considerations permit, the positive list should include those items which are not available for export from the U.S. in quantities sufficient to meet the total requirements of all countries upon the U.S. Shipments of positive list items to the Soviet bloc should take place only if there is a direct connection between such shipments and the ERP program, or another compensating *quid pro quo*.

³ The lists under reference here are not printed.

The question of the basis for denial of a license in the case of items on the list based on security considerations, and also on the list of items prohibited by reason of short supply and need under ERP, requires further study.

D. The Subcommittee also recommends, pending the development of a long-term policy, a program determination to the effect that:

1. No item in Class 1 or Class 1A should be approved for export from the U.S. to destinations in Eastern Europe* except in (extraordinary) circumstances as defined in B above and after review by the Subcommittee.

2. No item in Class 2 should be approved for export to Eastern Europe until it has been reviewed individually, or in a group of cases, by the Subcommittee;

3. Items in Class 3 should be licensed by OIT within the policy framework, except for special cases which OIT may wish to bring to the attention of the *Ad Hoc* Subcommittee;

4. Items in Class 4 should be licensed relatively freely;

5. Items on the positive list which may be available for shipment to the Soviet bloc, in accordance with standards set forth in B, shall not be licensed except after review by the *Ad Hoc* Subcommittee.

6. *Further Recommendations*

The Subcommittee recognizes that the foregoing recommendations can be made effective only if other corollary actions are carried out.

A. *Control of Re-Exports.* Eastern European countries may try to buy through third parties the commodities that they cannot obtain direct. This problem requires further study. Meanwhile the OIT should watch diligently the volume of applications in each commodity group for each country to detect and deny unusual requests, not adequately justified and explained, which might indicate re-exporting or other activities which should be discouraged.

B. *Inspection.* As export controls are tightened on items which Eastern Europe urgently requires, there may be a sharp increase in well-organized efforts to evade the law. The Subcommittee considers it desirable that provision be made for adequate inspection of all licensed exports and parcel post shipments to Eastern Europe, as well as explored. All ships leaving for Eastern Europe should be checked with especial thoroughness.

C. *Control of Other Sources.* The Subcommittee recognizes that Eastern Europe will try to buy from Western Europe any imports they cannot obtain here. However, there will be inevitably a lag involved in any such shift of procurement. Western Europe is already selling

*In this memorandum "Eastern Europe" includes: Finland, USSR, Eastern Zone of Germany, Czechoslovakia, Poland, Rumania, Bulgaria, Albania, Yugoslavia and Hungary. [Footnote in the source text.]

all that it can produce currently. It cannot increase exports of complex equipment rapidly.

In order to make policy with respect to Eastern Europe effective in the long run, it will be necessary, through the ECA and diplomatic channels, to arrange that Western European countries pursue export policies which are more or less consistent with those of the U.S. The Subcommittee recommends that the ECA and the State Department explore the possibilities along these lines.

The appropriate agencies should review Western European exports of Class 1 and Class 2 items to Eastern Europe on a continuing basis to determine whether or not adequate caution is used by Western European countries in limiting such exports.

A few items in Class 1 and Class 2, especially raw materials, are available in South American and other countries, Soviet bloc imports from these sources should be the subject of early examination and action. This subject will be explored in a subsequent memorandum.

D. Other recommendations are being prepared with respect to:

1. Hardship cases in which owners are unable to secure licenses for goods produced or in the process of production for Eastern European buyers;

2. Increasing imports of manganese and chrome from sources outside the U.S.S.R.; and

3. Various other measures of economic warfare.

660.119/5-648

*Memorandum by the Assistant Secretary of State for Economic Affairs (Thorp) to the Secretary of State*¹

SECRET

[WASHINGTON,] May 6, 1948.

I understand that Mr. Sawyer² will seek Cabinet discussion May 7th of a "Report on Trade Relations with Eastern Europe", representing a proposed interim policy to guide the issuance of licenses for export to Eastern Europe in May, prepared under the supervision of the Advisory Committee to the Secretary of Commerce under the Second Decontrol Act.³ (Attached as Appendix A.) While the language at a number of points is not entirely satisfactory, the main principles

¹ There is no indication that this memorandum was ever actually sent to the Secretary of State.

² Charles Sawyer was sworn into office as Secretary of Commerce on May 6, 1948. W. Averell Harriman had resigned as Secretary of Commerce on April 22, 1948 to become United States Special Representative in Europe under the Foreign Assistance Act of 1948, with the rank of Ambassador.

³ The Report under reference here is printed *supra*. No Department of State record of the Cabinet meeting of May 7 has been found.

are acceptable and it is recommended that you approve it on behalf of the State Department.

In expressing approval I would urge that you make several comments on the interpretation and administration of the policy. The problems which make these comments necessary arise, in large part, because of the pressure exerted by a number of members of Congress who are desirous of a complete embargo on trade with Eastern Europe, without fully realizing the results which would flow from such a step.

1. Licenses issued for Eastern European destinations in April were \$1,435,200, of which \$1,323,000 was for shipments by relief agencies. Licenses for commercial exports amounted to \$116,574. Average monthly exports to these countries in the last half of 1947 were \$27,115,000, nearly all commercial in character. (See Appendix B for detailed table.⁴) This is a reduction in volume which closely approaches the embargo which, for generally agreed reasons, we have sought to avoid.

2. It is a matter of immediate concern that licenses for export to Finland of items not considered of high strategic importance, to be shipped prior to July 1st, be freely and promptly granted. Finland still retains substantial freedom of action. It is to our interest that she retain that freedom. Elections will be held there early in July. In these elections the USSR will attempt to extend the scope of its control. We will help the Soviet cause if we give the Finnish people the impression that the U.S. considers Finland already lost to the West and is cutting off exports accordingly. Some risks are justified to preserve a politically independent Finland.

3. It also is important that licenses be approved for export to Poland of equipment to increase coal producing and transporting capacity, contracted for under an Ex-Im Bank loan. Increased supplies of coal from Poland for ERP countries are called for by trade agreements between those countries and Poland, and counted upon in ERP planning.

4. The Class 1 and Class 1A lists of items seem unduly long. What we want is a list of key items whose denial to the Soviet economy would be most effective in retarding the development of her war potential. It is hoped that the review now being undertaken by the Technical Committee will permit a more discriminating selection.

5. Our interference with trade should be on this selective basis. It is important to avoid action which might provoke retaliation on the part of the Soviet world, not only against the U.S. but also against Western Europe. Levels of trade between the U.S. and the Soviet sphere have been low and we should be concerned not with the volume but with the nature of exports. It is of course important that this trade be a really two-way proposition and that we receive goods we want and need in payment for our exports. This applies also to trade between Eastern Europe and the ERP countries. When exports to this country or to

⁴ Not printed.

Western Europe of things needed and normally received from the Soviet sphere, are purposely reduced, we should use our power to withhold licenses for exports of important items not on the prohibited list (particularly Class 2 and 3 items) as a bargaining weapon, but only in these circumstances.

It is not known whether the question of exports to Austria will be taken up by Mr. Sawyer. We feel that Austria should receive treatment similar to that accorded other ERP countries. The extent of the present special screening of licenses for Austria is seriously delaying exports to that country. (A proposed policy statement on the treatment of Austrian license applications is attached as Appendix C.⁵ It has substantial interdepartmental approval at working levels.)

⁵ Not printed.

661.119/5-2048

The Secretary of Commerce (Sawyer) to the Secretary of State

WASHINGTON, May 20, 1948.

DEAR GENERAL: In a conversation with Mr. Thorp yesterday mention was made of a statement presented by you to the Cabinet Meeting on Friday, March 26, referring to "Control of Exports to the Soviet Bloc."¹ He also mentioned a supplementary report on trade relations with Eastern Europe from the *Ad Hoc* Committee of the Department of Commerce known as "*Ad Hoc* Document 31," dated May 4, 1948.² This document states in greater detail the way in which the policy outlined in your statement will be carried out.

I have instructed the appropriate members of my staff to report to me the way in which export licenses are actually being issued.

In this connection I am told that items classified as Class 1, Class 1-A and Class 2, which for the present we are not shipping to Eastern Europe, are being shipped by Western European countries to Eastern European countries by reason of their trade agreements.

It would be helpful to this Department in handling the control of export licenses to know to what extent our objectives are being thwarted by trade over which we have no direct control. Do you have information bearing on this matter? Furthermore, it would seem to me that we could exercise through cooperation with ECA consider-

¹ *Ante*, p. 527.

² *Ante*, p. 536.

able influence upon those who might otherwise take action contrary to our interests in this regard. What is your thinking? ³

Yours sincerely,

CHARLES SAWYER

³ A note attached to the source text bears the following handwritten notation, presumably by Edwin M. Martin, Deputy Director, Office of International Trade Policy, dated June 29:

"This matter has been handled in the course of several personal conversations and a letter sent to Secy for signature this week."

The substance of the draft letter referred to by Martin was subsequently included in the enclosure to the Secretary of State's letter of July 9 to Secretary Sawyer, p. 550.

660C.119/6-148

*Memorandum of Conversation, by Mr. Edward G. Posniak of the
Division of Investment and Economic Development*

SECRET

[WASHINGTON,] June 1, 1948.

Participants: ITP—Mr. Martin
CP—Mr. Armstrong
ED—Mr. Posniak

Mr. Martin reported this morning that despite the recommendation of the Advisory Committee (see Memorandum of Conversation of May 27¹) Secretary Sawyer has refused to approve the export licenses for coal cars, locomotives and other equipment under the Exim-bank credit to Poland. It is not clear whether this represents merely a temporary delay to insure proper timing for public relations reasons or a basic substantive position, which may require another Cabinet discussion or a meeting between Mr. Sawyer and Secretary Marshall. Mr. Martin said that Mr. Sawyer had taken a similar attitude with regard to granting licenses for the USSR, refusing to act on them despite the Advisory Committee's recommendation. Mr. Martin characterized the situation as "another crisis", which would require another meeting of the Advisory Committee (probably tomorrow afternoon) with top level representation of all Departments concerned. At the same time, Mr. Martin indicated, Mr. Sawyer is "going overboard on Finland", being willing to approve licenses for any and all shipments to that country. This, of course, might be due to the relatively favorable press reaction to the Commerce announcement last week.²

Mr. Martin also stated that Mr. Harriman had made a strong plea, presumably with Mr. Sawyer, for reducing the number of items in the Class 1 category, advocating that the criterion to be used in estab-

¹ Not printed.

² On May 26, 1948, the Department of Commerce licensed the export of \$3,890,000 worth of machine tools and machinery to Finland.

lishing the list should be what the western European countries can accept by way of restricting their exports to eastern Europe under Section 117d of the ECA Act.³

Mr. Martin said that there had been a meeting Saturday morning (May 29), which he did not attend, in the office of Undersecretary of the Army Draper, attended by Mr. Thorp, Mr. Blaisdell of Commerce, Mr. Harriman and Mr. Foster⁴ of ECA, and representatives of NSRB and NME. It was apparently agreed at this meeting that the basic policy statement on trade with the Soviet bloc, approved by the Advisory Committee, would go to the National Security Council for approval.⁵

In conclusion Mr. Martin summed up the situation by stating that in his opinion it was now imperative that Secretary Marshall discuss the entire question of trade with the Soviet bloc with Secretary Sawyer, since previous efforts to have the matter discussed between Mr. Sawyer and Mr. Thorp had not been successful.

³ The reference here is to the Economic Cooperation Act of 1948, Title I of the Foreign Assistance Act of 1948, Public Law 472, April 3, 1948, 80th Congress, 2nd Session, 62 Stat. 137.

⁴ William C. Foster, Deputy Administrator of the Economic Cooperation Administration.

⁵ Possibly a reference to document *Ad Hoc*/Doc. 31 (Final), May 4, 1948, p. 536. No further action was taken by the National Security Council with respect to trade with Eastern Europe during the remainder of 1948.

C.F.M. Files : Lot M-88 : Box 104

*Report of the Conference on the Implementation of the Treaties of Peace, Rome, Italy, June 14-21, 1948*¹

[Extract]

SECRET

U.S.-BALKAN COMMERCIAL TREATIES

The Conference discussed in some detail the question raised by the fact that our present export control policy constitutes in effect a breach of our outstanding commercial agreements with almost every Eastern European country. Particular attention was given to a determination of whether in order to improve our legal position we should take the initiative in denouncing or revoking these treaties. After considering

¹ This Report was circulated to the Treaty Committee as document TIC D-21/16, June 30, 1948, and it was discussed and adopted by the Treaty Committee on July 7, 1948. For the text of the major portion of the Report and an explanation on the convening of the conference, see p. 353. For a description of the Treaty Committee, see the editorial note, p. 310.

the treaties country by country, the Conference took account of the following considerations:

1. No particular advantage appeared to accrue to the United States from the abrogation of the treaties. While a certain amount of propaganda may be made by the Communists out of our breaches of existing treaties, it would be easy to counter and confuse it with valid countercharges of treaty breaches by the Eastern European countries.

2. On the other hand, the treaties in question contain numerous clauses (covering exchange of consular rights, etc.) which it is in our interest to maintain in force.

3. A wholesale denunciation by the United States of these treaties, while not really of great importance in itself, could be taken as indicating a withdrawal and lack of interest on our part in the fate of the Eastern European countries. It was also pointed out that such a step might give the appearance of a major breach of relations with the east, and would thus appear to widen the chasm between east and west.

The Conference therefore agreed to recommend:

(a) That no action whatever be taken with respect to these treaties;
(b) That any representations by the eastern countries against our export control policy based on these treaties be countered by pointing out that any country has the right to take such action in the interests of national defense;

(c) That if the eastern countries take the propaganda offensive on this basis, that we should counter with the above statement, backed up by accusations of discrimination on their part.

Bureau of Economic Affairs Files : Lot 54D361

*Current Economic Developments*¹

[Extract]

SECRET

[WASHINGTON,] June 14, 1948.

No. 155

EAST-WEST. TRADE DEVELOPMENTS

The interdepartmental advisory committee to the Secretary of Commerce has recommended the immediate approval of a number of license applications for destinations in Eastern Europe pending development of definite *quid pro quo* policies. The Secretary of Commerce, who has responsibility for final action on the applications, last week indicated that the number of license approvals would be increased substantially.

¹ This weekly classified publication, prepared by the Policy Information Committee of the Department of State, was designed to highlight developments in the economic divisions of the Department, and to indicate the economic problems which were currently receiving attention in the Department. It was circulated within the Department and to Missions abroad.

This action is in accord with the Cabinet decision of March 26² that trade with Eastern Europe must proceed under appropriate restrictions. It was recognized also that the virtual embargo on US exports to Eastern Europe which was in effect during April and May might well result in a counter-embargo on strategic materials. Licenses issued for Eastern Europe in April totalled \$1,435,200, of which only \$116,574 were for commercial exports, with the remainder for shipments by relief agencies. This is in marked contrast to the monthly average of \$27,115,000 in the last half of 1947, nearly all of which were commercial in character.

US Export Policy Under Review. In the meantime, the National Security Resources Board and National Security Council, which have become increasingly concerned with the national security aspects of our present trade position with Eastern Europe, have requested a review of US export policy. They are, of course, particularly anxious to guard against an abrupt termination of Soviet shipments of strategic materials to the US. The other major objectives are to avoid damage to East-West trade in Europe which might jeopardize Western Europe's continuing to receive essential imports from the East and to prevent exports to the East which would contribute to further significant increases in the war potential of the Soviet and satellite economies. In interpreting provisions in Recovery Program legislation relating to trade with Eastern Europe, ECA believes it must seek to have the participating countries prohibit the export to the Soviet sphere of the same list of commodities that the US will not export for security reasons to that sphere. Consequently, ECA is pressing vigorously for a short list of prohibited items which, if applied by the Western European countries, will not contribute to the war potential of Eastern Europe but which will not interfere with the development of East-West trade, so necessary to the success of the Recovery Program.

Department Position On Quid Pro Quo Negotiations. We have recommended to the Advisory Committee's *Ad Hoc* Subcommittee that *quid pro quo* negotiations to secure metallurgical manganese ore and metallurgical chromite ore from the USSR should not be undertaken until there is clear evidence that, in the absence of such bargaining, US requirements will not be met. The determination as to when this condition exists should be based on the examination of import figures, ship sailings, and contracts. The course which would be followed at that time with respect to any such negotiations will have to be determined in the light of US-Soviet relations in general at that time.

² See the memorandum by the Secretary of State, March 26, p. 527.

Meanwhile, we recommend that items in Classes 3 and 4 be licensed freely. (Class 3 items are those which do not have any particular military significance but are of some importance in maintaining the basic economy of Eastern European countries and Class 4 commodities are those of no particular significance either from a military point of view or to the maintenance of the economies of Eastern Europe.) We recommend that items in Class 2, those of important though indirect military significance or of considerable importance to the industrial potential of Eastern European countries, should also be licensed freely so long as immediate deliveries are involved. Commitments should not be made, however, for deliveries into the future which might be needed as bargaining weapons in case USSR shipments are reduced in volume.

Export Policy Vis-à-Vis Austria. In determining the policy to be followed with respect to exports to Austria, it is essential that shipments be licensed on the same basis as to other Recovery Program countries. US foreign policy objectives require that Austria remain united and within the Western orbit. While a certain portion of US exports to Austria must go to the Soviet Zone in the interest of a balanced development of the Austrian economy, the amount has been kept to a minimum by the Austrian Government. While unauthorized exports from the Soviet Zone to the Eastern European countries are possible, and a Soviet seizure of Austria cannot be excluded from consideration, the risks involved seem appreciably less than those which would be incurred if the Austrian Government received the impression that the US is discriminating against Austria as compared with other Recovery Program countries.

In addition to the decision that Austria should be treated like other Recovery Program countries, it is thought that: 1) the security aspects of export control to all Recovery Program countries, including Austria, can be met without discrimination by specifying a very limited list of items whose export to all Recovery Program countries would be subject to review by interested Washington agencies; 2) screening of Austrian programs can be made in advance by US authorities in Austria in the light of security and foreign policy factors; and 3) a continuous survey of the distribution of imports from the US should be made in Austria by the appropriate authorities.³

Licenses Approved For Finland. Legation Helsinki has recommended, especially in view of evidence of Soviet participation in the Finnish election campaign, that favorable consideration be given outstanding Finnish export license applications. The Department has also urged that outstanding license applications for export to Finland

³ Additional documentation regarding United States occupation policy in Austria is presented in volume II.

of items not considered of high strategic importance, to be shipped prior to July 1, be freely and promptly granted. As a result, Finnish licenses for nonstrategic items valued at approximately \$4 million have recently been approved. Finland apparently still retains substantial freedom of action. We feel that some risks are justified in an attempt to preserve a politically independent Finland.⁴

⁴ For documentation regarding the concern of the United States over a possible seizure of power by Communist forces in Finland, see pp. 759 ff.

661.119/6-1948

The Secretary of Commerce (Sawyer) to the Secretary of State

PERSONAL AND CONFIDENTIAL

WASHINGTON, June 19, 1948.

DEAR GENERAL: We receive occasional intimations, and some outright suggestions, in connection with export licenses to Russia which have been temporarily held up, that the licensee may be able to arrange for the import of critical materials from Russia. May I ask the attitude of the State Department with reference to dealing with this kind of opportunity? If we can establish a *quid pro quo* basis we will certainly have better control over the situation than we have today. These transactions would of course be handled by and through private channels, which might be an advantage or a disadvantage, depending upon the considerations involved.

This matter seems to me to be worthy of serious thought and perhaps of a meeting with you and Secretary Forrestal. Inasmuch as one or two of these cases are up for immediate decision, it might be well if we could have your reaction fairly soon.

Yours sincerely,

CHARLES SAWYER

661.119/6-1948

The Secretary of State to the Secretary of Commerce (Sawyer)

PERSONAL AND CONFIDENTIAL

WASHINGTON, July 9, 1948.

DEAR MR. SECRETARY: I have your letter of June 19¹ requesting my views on *quid pro quo* trading arrangements between private American firms and the Soviet Union.

I recognize the importance of operating our export controls so as to maximize the benefits accruing in the United States from trade

¹ *Supra*.

with the U.S.S.R. but I do not favor linking specific export licenses with specific imports from the Soviet Union for the following reasons:

1. If encouragement were given to granting licenses on this basis, we would necessarily favor the exporters who had or could develop contact with the Soviet Union. The Soviet Union would be put in a position to influence these U.S. Firms in a way which might prove undesirable.

2. I can foresee difficulties in giving guidance to prospective traders as to the goods we would permit to go to the U.S.S.R. and the types and amounts of goods we would consider adequate *quid pro quos*. Without such guidance, private negotiations might prove to be a discouraging process of trial and error for American exporters.

3. It will be difficult to decide that a promised export from the U.S.S.R. represents in fact an increase over amounts which would have been exported in the absence of a *quid pro quo* proposal. The result of adopting a policy of the type outlined in your letter might be that the Soviet Union would try to channel all its important exports to us through such barter deals. In this way the U.S.S.R. would probably secure a larger volume of valuable imports from the United States than under present policies.

Such a move might force us to formalize negotiations on a government to government basis in order to maintain a real *quid pro quo* relation in our trade. I believe it is desirable to avoid such a development. The Soviet Union is much better equipped to control its trade than is this Government, since our authority is limited by the Second Decontrol Act.

4. We do not want to get ourselves in the position of regularizing a barter procedure which would give a bargaining advantage to the U.S.S.R., while laying ourselves open to charges of discrimination from American exporters, weakening our ability to obtain an adequate flow of critical materials to the United States, and surrendering to the Soviet Union the initiative in determining to what extent we aid the war potential of Eastern Europe.

5. Under certain circumstances, the Department of State has recognized that some barter transactions might be desirable, but primarily when such transactions would foster trade which might not otherwise develop by reasons of exchange or other abnormal difficulties. This criterion clearly does not apply in this case, although there might be other circumstances which would justify approval of individual proposals without any general commitment as to principle.

I am enclosing a memorandum prepared for me which discusses several aspects of the licensing of exports from the United States to Eastern Europe.

Faithfully yours,

G. C. MARSHALL

[Enclosure]

*Memorandum Prepared by the Department of State for the Secretary of State*²

SECRET

MEMORANDUM FOR THE SECRETARY

The current discussion of general policies governing the granting of licenses for exports from the United States to Eastern Europe has prompted the following summary of State Department views on several aspects of this problem.

Export controls should be administered so as to maximize for the United States and for the Western European countries friendly to us the benefits, in terms of economic strength and progress, of trade between the United States and Western Europe on the one hand and the Soviet orbit on the other. As a matter of the national interest we should certainly want to feel that our efforts are securing for the United States and her friends from this trade at least as great benefits, preferably greater, than are accruing to the U.S.S.R. and her allies.

Our concern centers on three points:

1. The effect of the application of export controls on imports into the United States of goods from Eastern Europe which, in some cases, such as manganese and chrome from the U.S.S.R., are of high strategic importance, and in others represent a useful contribution to the functioning of the domestic economy.
2. The fact that export controls as currently applied may be held to violate firm treaty and executive agreement commitments into which the United States has entered with Eastern European countries. A summary of this treaty situation is attached.³ In some cases denun-

² This memorandum incorporates the substance of a draft letter from the Secretary of State to the Secretary of Commerce, dated June 24, 1948, not printed, presumably intended to reply to Secretary Sawyer's letter of May 20, p. 544 (661.119/6-1948).

³ The summary under reference here is not printed. It contained the following introductory paragraph:

"The United States, through the existence of the 'R' procedure of export control, is formally violating a number of commitments undertaken in treaties and executive agreements with Eastern European countries, and in particular is in effect violating such agreements by the manner in which the export control system is being operated to discriminate against these countries, on security grounds. The problem is to decide what course of action the State Department should pursue under the circumstances."

The summary listed the following agreements and treaties containing provisions, generally about most-favored-nation treatment, currently being violated by the United States: 1. Treaty of Friendship, Commerce and Navigation with Poland, signed 1931, 2. Treaty of Friendship, Commerce and Consular Rights with Finland of 1934, and a Reciprocal Trade Agreement with Finland of 1936, 3. Treaty of Friendship, Commerce, and Consular Rights with Hungary of 1925, 4. Treaty of Commerce with Serbia of 1881, currently in effect with Yugoslavia, 5. General Agreement on Tariffs and Trade currently in force between the United States and Czechoslovakia, 6. Provisional Commercial Agreement with Romania of 1930, reinstated in March 1948, 7. Commercial Agreement with the U.S.S.R. of 1937.

ciation of the treaties or agreements would not prejudice United States interests although it might create an undesirable atmosphere of crisis in the United States and in Western Europe. In other cases the treaties contain provisions which are of substantial benefit to the United States.

3. The scope of the prohibitions enforced by the United States on exports to Eastern Europe on grounds of national security should be complemented by an attempt to secure similar controls on the part of countries participating in the Economic Cooperation Program. Too great interference with the exports of these participating countries to Eastern Europe would almost certainly retard their recovery and increase its cost by reducing the volume of essential goods they could secure from Eastern Europe.

Unavoidable administrative problems have been partially responsible for the relatively small volume of licenses issued during the early months of export control. It is hoped that further steps can be worked out to reduce the delays resulting from the present interdepartmental clearance procedure. Suggestions as to ways in which the Department of State can be of assistance in this regard are welcomed.

A shortening of the list of items whose export is to be prohibited would be particularly helpful in meeting the problems raised in points 1 and 3. However, it is not irrelevant to point 2, since a number of our international commitments contain explicit or implicit exceptions in cases where security interests are involved.

It is essential to recognize that the welfare and development of the United States and the countries friendly to it takes precedence over efforts to weaken potential enemies in any case in which these purposes conflict.

The Department of State recognizes the difficulties, in view of our lack of accurate economic intelligence about the Soviet sphere, in drawing up a list of commodities to be prohibited from export which will be most effective in reducing Soviet war potential. However, this effort must be made.

To the fullest extent possible the list should be designed to strike at those areas of Soviet strength which are most dependent upon imports.

It is particularly important that a list of items whose export should be prohibited for security reasons have reference solely to the effect on the Soviet economy and include no items whose export should be prohibited because of a short supply situation in the United States, or because the items are needed in Western Europe. The control of exports of short supply items and the channeling of scarce goods to "participating" countries are measures for maintaining and increasing our own strength which are vital, but should continue to be handled as entirely separate programs. Controls for this purpose create few, if any, problems of treaty violations, and they place no added burden on East-West trade.

With a revised and shortened list, following the principles outlined above, it should be possible to maintain a reasonable flow of goods to Eastern Europe and thus postpone the problem of specific intergovernmental *quid pro quo* bargaining.

From the standpoint of the need of the Economic Cooperation Administration, a revised, shortened list of prohibited items should be prepared promptly. This is a sufficiently important task to justify the immediate attention of the Advisory Committee during the coming weeks.

861.6176/7-1548: Telegram

The Secretary of State to the Embassy in the United Kingdom

SECRET

WASHINGTON, July 15, 1948—6 p. m.

2748. For Douglas.¹ Best information available Dept is that USSR has purchased this calendar year over 100,000 tons natural rubber. Our best estimate is that purchases represent about a three-year supply, based present rates consumption in USSR. Have made urgent inquiry to all US posts in position to assist to determine what percent total purchases have not yet been shipped.

Suspect USSR anticipates extension US export controls to participating countries along lines called for by ECA Act² and presumes that logical result would be to cut off supplies natural rubber since it is one of few important industrial raw materials which USSR must secure from outside Soviet orbit.

On basis these facts, seems to us highly important to explore possible steps to prevent USSR from receiving rubber she has purchased.

Since principal source probably Singapore, request you discuss Bevin³ willingness of UK to attempt to work out with us means for withholding rubber not already shipped, provided this turns out to be substantial proportion of total purchases.

If deemed necessary and useful will explore possibility that Munitions Board can make additional purchases for US stockpile to cover cancelled contracts.

Appreciate problem of justifying cancellation to USSR. Might take line that purchases are so out of relation to previous requirements as to suggest major stockpiling which could only have disturbing effect on general market situation. Both because of increased take this year

¹ Lewis W. Douglas, Ambassador in the United Kingdom.

² Title I of the Foreign Assistance Act of 1948, Public Law 472, April 3, 1948, 80th Congress, 2nd Session (62 Stat. 137).

³ Ernest Bevin, British Secretary of State for Foreign Affairs.

and decrease in demand in subsequent years it seems essential to orderly marketing of rubber to prevent this type of abnormal operation.⁴

Would appreciate your suggestions as to whether this situation may be of any value to us in connection with Berlin.

MARSHALL

⁴Telegram 3365, July 24, from London, not printed, reported that the British Foreign Office regretted that it could not take action on the American suggestion because the purchases of rubber were in accordance with the British-Soviet trade agreement of 1947; the rubber purchases were considered ordinary commercial transactions; the British had no information that the Soviets were building up an unusual rubber supply; and the British needed to continue purchase of Soviet grains (861.6176/7-2448).

660C.119/7-3048

Memorandum of Conversation, by the Deputy Director of the Office of European Affairs (Thompson)

CONFIDENTIAL

[WASHINGTON,] July 30, 1948.

The Polish Ambassador had me to lunch with him today alone. In the course of the conversation, he referred to developments that had taken place while I was away from Washington and particularly to the difficulties encountered in obtaining export licenses. He said that these matters had been largely cleared up with the exception of the steel mill. He said his Government was prepared to have us make any kind of investigation, on the spot if necessary, to assure ourselves that the output of the mill had been used for civilian purposes in Poland.

I referred to the fact that when the Ambassador had returned from his last trip to Poland he had intimated that he would be able to conclude the agreement on compensation for nationalization and clear up other pending questions if we could improve the atmosphere by helping to break the impasse that had occurred with respect to the issuance of export licenses. I said that we had made every effort to clear up this situation and had succeeded with the exception of the steel mill. Pointing out that I was speaking personally and quite frankly I said that I felt sure he would understand that the question of the steel mill was not unrelated to the general international situation and that I saw little prospect of making any progress on that question at this time. I said that nevertheless I had been disappointed in that despite our successful efforts to clear up the question of the other export licenses, the compensation agreement was still not concluded nor had the lend lease settlement been reached. I said that we felt that these were matters which we were entitled to have settled irrespective of other questions. I pointed out that we had released a considerable

quantity of Polish gold as a result of the negotiation for a compensation agreement. I said I realized that other matters had complicated the conclusion of this agreement but nevertheless the basic fact remained that Poland had received very real benefit from our action. I said that in clearing up the export licenses problem we had done our best to create the better atmosphere which the Ambassador had said was necessary for the conclusion of the compensation agreement. I pointed out that it was now up to him and his government to make a contribution. He had himself admitted that our offer of a lend lease settlement was very fair and that he recognized that the compensation agreement was also fair and that we were entitled to expect its prompt conclusion. I pointed out that unless this were done we could hardly expect to make further progress in solving mutual problems. At this point I referred to the fact that the Polish application to the International Bank for a loan was still pending and that although the United States did not control the Bank, the Bank would obtain its funds chiefly in the American market. I pointed out the fact that Poland had not carried out its obligations with respect to a compensation agreement and the lend lease settlement would certainly not facilitate progress with respect to this loan. I said I wished to make it very clear that I was not suggesting that if these agreements were concluded a Bank loan would be forthcoming, but merely wished to say, as the Ambassador had said upon his return to Poland, that a better atmosphere should be created and that I felt that the next move was up to Poland.

The Ambassador said he had already recommended to his Government that these matters be cleared up, but he had received no reply. He said that Mr. Zoltowski was now in Poland and he expected to have information on this question upon his return.

LLEWELLYN E. THOMPSON

Editorial Note

At the Third Session of the Economic Commission for Europe, April 26-May 8, 1948, the Soviet Union proposed the immediate establishment of two special Commission bodies: a standing Committee on Trade concerned with the encouragement of intra-European trade, and a standing Sub-Committee on Industrial Development. The United States and the member countries of the Organization for European Economic Cooperation opposed the immediate creation of the new machinery, but stated their willingness to have the matter studied more thoroughly. After vigorous debate of the issue, agreement was reached for the creation of an *ad hoc* Committee which would (a) examine

in the light of the responsibilities of other United Nations bodies, and in consultation with them, the functions which the Commission might appropriately undertake to promote industrial reconstruction and development and expand international trade, (b) consider in this connection the proposals on these subjects made by the Soviet Union, (c) report to the Commission by November 30, 1948.

The Annual Report of the Economic Commission for Europe for the period July 1947–May 1948 was submitted to the Commission's parent body, the United Nations Economic and Social Council, at the latter's Seventh Session held at Geneva during the summer of 1948. The Commission's report was discussed by the Council at plenary meetings on July 27, 28, 29, and 31. At its 190th Plenary Meeting, August 4, the Council unanimously agreed to a resolution which approved the Report of the ECE. The resolution noted with satisfaction the Commission's action in establishing the *ad hoc* Committee, expressed the hope that the work of the Committee would lead to fruitful results, and authorized the ECE to set up such bodies as might be necessary to carry out its work.

Documentation regarding the Third Session of the Economic Commission for Europe is included in Department of State file 501.BD Europe. For a summary of the discussion in ECOSOC of the ECE Annual Report and for the text of the resolution of August 4, see *Yearbook of the United Nations 1947–1948* (New York: United Nations Department of Public Information, 1949), pages 529–530.

501.BD Europe/8–1048 : Telegram

*The Assistant Secretary of State for Economic Affairs (Thorp) to the Secretary of State*¹

SECRET US URGENT

GENEVA, August 10, 1948—8 p. m.

970. Noce 289. ECOSOC 50 from Thorp. Public debates and private discussions have made it clear that both East and West recognize importance of developing trade. No one has spoken in contrary vein. Our policy regarding ECE *ad hoc* committee on trade and industrial development must not expose us to charge of cold water throwing or feet dragging.²

¹ Assistant Secretary of State Thorp was serving as United States Representative to the United Nations Economic and Social Council. Through June 1948, Thorp was also United States Representative to the United Nations Economic Commission for Europe until he was succeeded in that post by W. Averell Harriman, the United States Special Representative in Europe. Thorp's messages were transmitted via the facilities of the Consulate in Geneva.

² Regarding the decision by the Economic Commission for Europe to establish an *ad hoc* committee on trade and the resolution by the Economic and Social Council endorsing the decision, see the editorial note, *supra*.

I see no advantage in leaving initiative to eastern countries with respect to trade. Even if we so desire, it would be extremely difficult to avoid establishment of ECE standing committee on trade and industrial development. This being so, I think West should assert its intrinsically and numerically stronger position at Geneva to mold committee to our own interest. This, however, is not British view at this time. Makins³ remarked to me that he supposed we would be willing to join British delegation in keeping trade committee relatively innocuous. I told him that I did not think he should make any assumption re our position as yet, but that we would expect to discuss matter with them well ahead of meeting.

Believe it would be wise for us to take active part in proposing ECE standing committee to assist such trade relations and in defining committee's responsibilities in manner that would give maximum assistance ERP. This opinion strengthened by ECOSOC debate on ECE, and by private talks with European delegations including Poles. Suggestion ECE should become center of actual trade negotiations has not been put forward by anyone and should be resisted. Since OEEC plans will be relatively public ECE standing trade committee should be used to obtain information plans of East and as forum for discussion interrelated problems with operational arrangements handled in limited technical committees as at present.

Visualize objectives which committee should foster as follows:

a. To obtain from eastern European countries most precise data possible on their probable imports and exports over next four years, which data would be of basic importance to OEEC in development of both its annual and long term programs;

b. To ascertain what equipment and supplies US or OEEC countries will need to send to East in order to raise exports of coal, timber, foodstuffs, potash, etc., to levels desired by West. Test for trade with East would be not fulfillment of eastern economic plans, as East would obviously prefer, but contribution to western Europe recovery as compared with cost and yield of similar expenditures in other areas;

c. To ascertain what items both capital goods and raw materials such as cotton, eastern countries presently give specially high priority; and thus to aid us in better calculating what exports we may wish to permit and what we may wish to restrict for security or other policy reasons;

d. To persuade eastern European countries with influential inducements which we as group can command to give higher priority in their national economic programs to output and export of products of agriculture and extractive industry needed by West; I am inclined to be-

³ Roger M. Makins, Superintending Under-Secretary of State, General Department, British Foreign Office.

lieve that Marshall Plan progress and economic difficulties in East will make it easier to obtain fundamental revision of eastern economic programs that would have been case few months ago.

e. To link more clearly fortunes of eastern European countries to success of Marshall Plan, as for example dependence of Polish coal industry on high level of industrial activity in West; if so doing to counteract autarchic tendencies, give encouragement to our friends in East, and make more difficult Soviet efforts to establish full control over satellites;

f. To further economic unification in West by development of concerted trade policy with East with emphasis on positive rather than primarily negative aspects of such policy.

g. To use the opportunity to continue pressure for limiting use of bilateral agreements and supporting GATT and ITO principles.

Foregoing objectives intended define US and OEEC interest in ECE trade committee. If they meet with US approval suggest early discussion of them at high OEEC level so that all western delegations will be adequately prepared for Geneva talks at end September. Meanwhile Department will doubtless wish prepare draft terms of reference for committee, define relationships with specialized agencies, etc.

If time and energy permit, shall take advantage of attendance of various European delegations at ECOSOC session to sound out their present views, specific functions trade committee. There is no clear indication whether or not Soviets will attend meeting of *ad hoc* committee although guess is that they will after going this far. Lychowski, head of economic department of Polish Foreign Office told Porter⁴ he thought Russians would not attend, but we of course should take account of possibility they may.

Re urtel Soceco 30,⁵ Hoffman is oversold on significance of ECE resolution. To be sure USSR did vote for resolution, but it represents no advance over position at ECE meeting except warmer support of proposed committees. Only possible support Hoffman's position concerning change in Soviet position is that USSR being soundly defeated on ERP attack, was willing to accept final resolution, but this was clearly on basis of accepting highest common denominator and retaining belief in own position. Debate was clearly one involving general recognition of necessity and desirability of East-West trade on both sides, but nothing explicit as to replanning

⁴ Paul Porter, Deputy United States Representative to the Economic Commission for Europe.

⁵ Telegram 1051, Soceco 30, August 6, to Geneva, not printed, transmitted excerpts from a front page article from *The New York Times* for August 4 by correspondent Michael Hoffman reporting on the August 4 resolution by the U.N. Economic and Social Council on the annual report by the Economic Commission for Europe. Hoffman interpreted the resolution as meaning that the ECE had the task of arranging large-scale trade deals between eastern and western Europe and becoming an instrument for bringing the economic policies of eastern and western Europe into much closer coordination (501.BD/8-648).

along lines Hoffman's analysis. Our information is that Hoffman's sources chiefly Polish and French.

Early Department comment on foregoing views would be appreciated. Comments of Harriman,⁶ Caffery,⁷ Douglas⁸ and Crocker⁹ would also be welcomed.

Sent Department 970 repeated Paris 165 for Harriman and Caffery, London 87 for Douglas, Warsaw 31 for Crocker.

[THORP]

⁶ In his telegram Repto 60, August 20, from Paris, not printed, Ambassador Harriman generally concurred in the objectives set forth by Assistant Secretary Thorp, but he warned that the ECE trade committee might be used by the Soviet Union and the satellites to hamper the European Recovery Program (London Embassy Files, File—850 Marshall Plan).

⁷ Jefferson Caffery, Ambassador in France.

⁸ Lewis O. Douglas, Ambassador in the United Kingdom.

⁹ In his telegram 1083, August 13, from Warsaw, not printed, Chargé Edward Crocker emphatically concurred in Assistant Secretary Thorp's recommendations. Crocker expressed the belief that East-West trade ought to be encouraged, within the limits of current U.S. strategic and politico-economic aims, in order 1) to benefit the economic recovery of all of Europe, 2) to relax satellite economic dependence upon the Soviet Union and thereby to foster tendencies towards independence and nationalism, 3) to stimulate the flow of critical commodities to the West (501.BD Europe/8-1348).

501.BD Europe/8-1048 : Telegram

The Secretary of State to the Consulate in Geneva

SECRET

WASHINGTON, August 13, 1948—7 p. m.

1090. Soceco 37 for Thorp, Econ 195 for Porter.

1. Dept concurs in general points contained urtel Ecosoc 50, Noce 289.¹ Position paper prepared in Dept prior receipt urtel, contains recommendation that US support establishment committee on trade but discourage establishment committee on economic development on grounds that type of functions ECE could assume in this area could more adequately be performed by existing committees plus trade committee if established.² In Dept's view separate development committee would probably be little more than propaganda sounding board. Although same danger exists with respect trade committee, Dept feels there are a number of ways in which it could be of use provided OEEC countries are agreed on how to use it and Eastern countries provide adequate information. Committee in which East not prepared provide

¹ *Supra*.

² The revised text of the position paper under reference here was transmitted in telegram 3740, September 20, to Paris, not printed (840.50 Recovery/9-2048). Additional clarification of the position paper was contained in telegram 3820, September 24, to Paris, repeated as 1379 to Geneva, not printed (840.50 Recovery/9-2448).

info would obviously be simply less efficient means of discussing same questions already under consideration in Paris.

2. Dept agrees that initiative at *ad hoc* committee should not be left to East and that it is essential to have prior conversations with other OEEC countries so that at Geneva we can make positive case for committee which is potentially useful rather than reaching reluctant compromise on innocuous language.

3. Following discussion position paper and procedure with ECA and Commerce, Dept intends to send paper to Harriman with suggestion that on basis this paper and points made urtel he insure question receives adequate consideration by OEEC representatives prior to Geneva meeting. Dept and other interested US agencies should have opportunity to reconsider present recommendations in light OEEC discussion if this appears necessary before Geneva instructions finalized.

4. Although agree that desirable US and Western European countries avoid giving initiative to East at Geneva, Dept would assume that in prior conversations with OEEC countries, US representative would draw attention to advantages of establishment of trade committee and indicate type of tasks it might handle, but that OEEC countries would be expected play major share in defining scope and terms of reference. Probably undesirable for OEEC countries to go to Geneva with a completely "pre-cooked" draft of terms of reference but should be unanimity of views on major points.

5. In addition to containing many of points you have made, Dept paper also indicates that it may be possible by analysis existing trade between East and West and of impediments to expansion under bilateral agreements for trade committee to draw attention to specific trilateral or multilateral East-West exchanges and clearing arrangements which might serve to

(a) increase total Eastern European exports of goods required by West above level attainable under bilaterals;

(b) improve terms of trade and payments for Western Europe as a whole vs. Eastern Europe as a whole, minimizing credits and total dollar payments from Western Europe to Eastern Europe and maximizing exports of less essential goods from West to East; or

(c) increase Eastern European exports of goods to weaker bargainers in Western Europe without imposition of onerous payments terms that frequently have been required of weaker OEEC members.

Recognized that number of such deals probably limited but that may be possibility of making a few specific arrangements of positive advantage West. Foregoing not intended to imply that ECE committee would be center of actual trade negotiations and we agree with you that any such suggestion should be resisted.

6. Paper also contains preliminary US views on desirable lines expansion of East-West trade and relationship security objectives. Copies Dept's paper will be airmailed Geneva for Thorp and Porter, and Paris for Harriman. As indicated above, paper will require and does not yet have ECA and Commerce clearance and should therefore be considered preliminary views only.

MARSHALL

840.50 Recovery/8-1648: Telegram

The Ambassador in the United Kingdom (Douglas) to the Secretary of State

CONFIDENTIAL

LONDON, August 16, 1948—5 p. m.

3706. Makins called Bliss¹ to FonOff Aug 11 and made oral but formal statement of UK attitude toward East-West trade which he wished to have noted by USG. Makins prefaced statement by stating UK desired guidance from US in formulating common policy on East-West trade and explaining purpose present action keep US informed in order prevent future misunderstandings.

Statement stressed that UKG:

1. Believes promotion East-West trade to 1938 level was a Marshall Plan objective and most important to ERP and to UK recovery.

2. Prohibits, however, exports Eastern Europe arms, ammunitions, equipment for producing these, certain other types mil equipment, certain chemicals and minerals set forth Group 17 Export of Goods Order, 1948. Controls export additional goods of mil significance through consultation with manufacturers.

4. Until different UK-US policy agreed and in spite of possible US eventual objections, UK will have to exercise its own discretion in giving businessmen assurances there will not be subsequent disapproval by UKG of delivery specific items for which orders being placed and itself will have to honor commitments which may be included in agreements under discussion USSR and Yugo and imminent with Poland.

5. After careful study EC Act and Co-operation Agreement, UK feels no obligation prohibit export Eastern Europe commodities such as rubber which are not delivered UK by US under ECA Program.

It is suggested contents this tel be brought attention ECA Washington and Paris.

DOUGLAS

¹ Don C. Bliss, Counselor of Embassy for Economic Affairs, London.

Editorial Note

In a circular airgram of August 16, directed to the Missions in Bern, Stockholm, Brussels, The Hague, Rome, and Oslo, and repeated to twenty-two other Missions in Europe, the Department reviewed the steps taken to secure the establishment of trade controls similar to those used in the United States to prevent the export and transshipment of atomic energy materials to countries and areas under Soviet domination. The airgram further presented detailed instructions to guide the Missions in making approaches to the governments of the Organization of European Economic Cooperation looking toward the establishment of suitable controls over the export of atomic energy items. For the text of the airgram, see volume I, under the international control of atomic energy.

611.6131/8-2548 : Telegram

*The Ambassador in the Soviet Union (Smith) to the Secretary
of State*

SECRET

Moscow, August 25, 1948—4 p. m.

1751. While I am aware that our government is intensively occupied with the problem of guaranteeing future US requirements in strategic materials, I now believe that we must give prompt and most serious consideration to possibility USSR may take action in near future to prohibit exports to USA (and possibly to Western Union countries) of manganese and chrome ores. It seems to us that recent Soviet press hints on the above subject can be regarded as laying base for such an export ban. (Embtels 1625, August 14, 1693, August 20 and 1738 August 24.¹)

As is made clear in these press items, ostensible and publicized basis for such action would be alleged US violation of commercial agreements with USSR. In our opinion, however, this would be secondary factor, and timing of such action would depend rather upon achievement of satisfactory level of Soviet stockpiling of such essentials as rubber, wool, and tin, supplies of which might be cut off by direct or indirect US reprisals. As Soviets seriously hampered by our recent export controls in filling their primary machine import requirements they will continue to add to US strategic stockpiles only: *a*) for that period necessary to protect procurement their own strategic needs for three-four year period; and *b*) to extent that exchange necessary to implement their stockpiling and foreign political program is not provided by grain shipments all over world and of export of essentially luxury items to US.

¹ None printed.

In light of above, I must advise not only intensification of our own preparations to meet such an eventuality but exertion of every immediate effort toward obtaining recognition of the problem by western governments, full information on Soviet foreign economic movements over next few months, and agreement on coordinated present and future policy for counteraction to prevent or delay Soviet accumulation of these essential imports.

While we regard existence or non-existence of commercial accord as relatively unimportant, its denunciation by USA might of course be used as excuse for imposition of export ban by Soviet Government, if latter were otherwise more or less ready to take such measures. Therefore, this possibility should be carefully weighed in considering possible denunciation on our part (Embtel 1588, August 11²).

Would appreciate latest information progress our stockpiling these ores this year and quantity of shipments from USSR delivered to date and balance expected this year.

SMITH

² Not printed. In a memorandum of June 7, 1948, to Francis B. Stevens, Acting Chief, Division of Eastern European Affairs, not printed, George E. Truesdell, Division of Eastern European Affairs, pointed out that the U.S.-Soviet Commercial Agreement of 1937 left the United States open to charges of violation, and he suggested a basis for its termination (611.6131/6-748). In a memorandum to Stevens, dated July 7, 1948, George F. Kennan, Director, Policy Planning Staff, stated that he saw no objection to the termination of the agreement on the basis suggested to Stevens (611.6131/7-748).

840.50 Recovery/8-2748: Telegram

The Secretary of State to the Embassy in France

SECRET

WASHINGTON, August 27, 1948.

3352. Torep 816. For Harriman from Hoffman¹ ECA and State.

Subject is East-West Trade. In order to implement objective of decision by National Security Council of Dec. 18 [17], 1947,² cabinet decision of March 26, 1948,³ and of section 117 (D) of the Economic Cooperation Act of 1948,⁴ you should initiate negotiations with ERP countries as agreed between you ECA administrator and secretaries of State, Defense, Commerce prior to your departure. Following policies for your guidance in these negotiations have been developed by ECA

¹ Paul G. Hoffman, Administrator for Economic Cooperation.

² *Ante*, p. 511.

³ See the paper dated March 26, presented to the Cabinet by Secretary of State Marshall and approved, p. 527.

⁴ Title I of the Foreign Assistance Act of 1948, Public Law 472, April 3, 1948, 80th Congress, 2nd Session (62 Stat. 137).

and State on basis of general approach which has approval of above-named officials.

1. Basic principles.

a. Effect of Soviet war potential of denial of supplies to Soviet bloc would derive principally from denial of particular critical items.

b. Security is best served by maintaining and increasing strength of west *relative* to that of east. Effort to hold down war potential of east should be weighed against necessity of building up defense strength of west.

c. Political and military strength of ERP countries depends upon their economic recovery which in turn depends upon success of ERP.

d. Success of ERP as presently conceived depends upon substantial volume of trade between western and eastern Europe. Furthermore, measures involving substantial reduction of this trade would raise political as well as economic difficulties in several ERP countries.

e. Security restrictions upon exports from ERP countries to Eastern bloc must take account of dependence of ERP on maintenance and expansion of trade between eastern and western Europe.

f. East-west trade policy should be designed to assure continuance of eastern bloc exports critical to western economic recovery and defense potential, including strategic materials needed by US to greatest extent compatible with objective of increasing strength of west relative to that of east.

g. Primary object of these negotiations must be export control program for which *voluntary* agreement of ERP countries based on recognition of a common purpose may be secured.

h. So far as possible, list of critical items, export of which to eastern bloc is totally prohibited for security reasons, should be same for US and ERP countries. Please see section 2 (b) below. Security considerations also call for limiting exports of additional items which singly or cumulatively contribute to Soviet bloc war potential. (See section 2 (c) below.) With respect to the latter category, US might well adopt substantially more restrictive policy than requested of ERP countries since east-west trade is much less important to US than to the ERP countries. Both categories to be considered tentative at this time and subject to reconsideration by Washington in light of new evidence provided by negotiations.

2. Agreements with ERP countries.

a. Essential feature is agreement on lists of commodities, export of which to eastern bloc will be prohibited or restricted by ERP countries. Two lists designated class 1A and class 1B have been air-pouched.

b. Class 1A consists of munitions, including aircraft, covered in presidential proclamation—plus a list of equipment and material items designed primarily for or primarily used in production of munitions or very importantly contributing to the war potential of Soviet and satellite countries. Objective is agreement by all ERP countries to prohibit *all* exports of these items to eastern Europe. Where important objections to embargo of any particular item on this list, document all relevant data and submit to Washington for final determination of class 1A or 1B status.

c. Class 1B lists additional items of great importance to war potential of Soviet orbit important for national security aggregate exports of these items be limited in quantity but items this list not subject to complete embargo. ECA will undertake with support of State to obtain agreement of participating countries, as far as practicable: (I) to identify and prohibit export of any particular item (or group of items) on this list that involves important western scientific and technological advances that could be used as prototypes by eastern countries; (II) to provide US with periodic information of actual exports or commitments to export (each item from participating country to each eastern country of destination); (III) to reduce continuing exports of these items to east to smallest quantities consistent with existing agreements and necessity to obtain essential imports from eastern countries. US recognizes possible need to supply info on US exports of same items to allay fears of US competition. Availability these data now under study. Repeat US will probably restrict export these items more drastically than ECA countries.

d. Suggest you keep in mind it will be most helpful in Washington situation if you can find some items which can be shifted from 1B to 1A because not important in exports from participating countries or for other reasons.

e. ERP countries should not be asked in these negotiations to terminate existing commercial commitments to eastern Europe if such action will seriously jeopardize their political or economic relations with eastern European countries, but every effort should be made to terminate all class 1A shipments at once. Newly negotiated trade agreements should, of course, conform to the policies set forth above.

f. This policy should apply to exports to the USSR, Poland, Czechoslovakia, Hungary, Rumania, Bulgaria, and Albania.

In general, policy toward Yugoslavia should be the same, but there may be flexibility in favor of less restrictive policy as to class 1B items. Developments in Yugoslavia will require day-to-day watching and it may be desirable for ERP countries to avoid in so far as possible making extensive future commitments for shipments of class 1B items to this area.

Policy on exports to Finland should be same as to class 1A but as to class 1B items should be less restrictive in case of other eastern countries and considerable latitude desirable in allowing normal civilian trade. If particular items are to be included in reparations deliveries to Soviet Union, same policy should be applied to these items as in case of direct shipment to USSR.

g. Agreement should be reached on regular consultation with ECA countries to take account of possible changes in items of concern to participating country involved, changes in policy toward different non-ERP countries, and other special developments, such as the negotiation of new trade agreements between ERP and non-ERP European countries.

h. Obviously important agreements be such as not to require registration with UN and consequent publication. Must be satisfied, however, that agreement will be carried out. Suggest this possible without written agreement, as has been done in the case of US-Canadian defense arrangements. If written evidence necessary, might take form of agreed minutes of conversation.

3. Approach to negotiations.

a. Difficult nature of these negotiations, variations in problems anticipated with different countries, and past experience suggest bilateral approach rather than multilateral through OEEC. Suggested that very informal discussions be undertaken with British and US/UK officials in bizonal Germany prior to approaching others. If Brit reaction is reasonably satisfactory, talks with France, Benelux, Denmark, Austria and Norway might follow. Italy, Greece and Turkey should present little problem of principle. Ireland, Iceland and Portugal are not important in this connection. Sweden and Switzerland, of course, will be most difficult and agreements with them may have to take account of special circumstances.

b. Assumed you will get close cooperation diplomatic [missions] in separate country negotiations. Important that they be kept fully informed in each country as well as ECA and State.

c. It is suggested that you discuss class 1A and class 1B lists with missions in each country before negotiations with that country, with purpose of screening out those items which have no importance as exports from that particular country to eastern Europe. This should facilitate negotiations and make it more feasible to avoid revealing full list which not considered desirable except perhaps in case of UK. Appreciate necessity of relying upon your discretion as to extent to which this will be possible.

d. It is assumed that negotiations will be of preliminary character and that, based on them, you may have recommendations to us of changes required in lists in order to secure substantial voluntary agree-

ment by European countries and avoid placing undue restrictions on east-west trade.

e. After agreement is reached with countries on principles of export control policy and export program on items of particular concern in their trade and information on exports of 1B items is available, we contemplate that discussions to limit volume of class 1B exports would be initiated with particular countries on particular commodities based on consultation with State and ECA, and joint appraisal with you and responsible US govt agencies of security situation. This approach will permit flexibility with respect to both country and commodity. It will thus be possible to take account of differences in dependence on trade with eastern Europe (Sweden vs. Portugal), differences in internal political importance of relations with Soviet (Austria vs. Ireland), special industrial situations (Italian shipbuilding) and other factors.

4. Negotiations on items related to atomic energy are being handled separately by State and AEC by agreement with ECA administrator. (See circular airgram dated Aug. 16, 1948, 12:50 pm ⁵) Close coordination between negotiations is essential and experience in one field may be useful in another. State will keep you fully informed.

5. While Spain falls within definition section 117(D) EC Act, security considerations are quite different from Soviet bloc and agreement with ERP countries re exports to Spain not necessary at this time.

6. Although not subject these negotiations US interested in problems of leakage of strategic items through third countries, transshipment or diversion at free ports, listing of false destinations and similar devices. Cooperation in enforcement of accepted export controls will be important. As first step Depts of Commerce and State will shortly approach several European countries at technical level for cooperation in enforcing US export controls. Our interest in expanding these activities on a reciprocal basis should be kept in mind. [Hoffman.]

MARSHALL

⁵ See editorial note, p. 563.

611.6131/8-2548: Telegram

The Secretary of State to the Embassy in the Soviet Union

SECRET

WASHINGTON, September 3, 1948—7 p. m.

1066. Ur 1751 Aug 25.¹

1. Have sent you copy instructions to Harriman for negotiation Western Governments control of exports Soviet orbit.²

¹ *Ante*, p. 563.

² The reference here is to telegram 3352, Torep 816, August 27, to Paris, *supra*.

2. State representative in Europe to work with Harriman this project for brief period. Also instructed discuss further with Harriman and if possible with Emb London problem control shipments for U.S.S.R. stockpiling such items as tin, wool and rubber. British response in reply recent approach respect rubber was uncooperative.

3. Your suggestion consider effect denunciation commercial accord on manganese and chrome shipments appreciated. Will receive careful study here.

4. Data requested on status manganese and chrome programs will be sent you shortly.³

5. Have been discussing with Treasury steps to prevent Soviet securing dollars through sale gold. Have initiated discussion interdepartmentally similar problem of sterilization of dollars secured through Sov luxury exports.

6. Are also discussing interdepartmentally in preliminary way policy and administrative problems that would be involved if future developments should make it desirable put U.S. trade with Soviet orbit on government to government basis.

7. In general appreciate greatly warning contained in urtel. As plans take shape along lines mentioned above will be sent you for comment.

MARSHALL

³ The information on manganese and chrome ore programs was supplied in telegram 1065, September 3, to Moscow, not printed. The message stated that the metallurgical manganese ore position was not good (611.6131/8-2548). In a reply in telegram 1926, September 6, from Moscow, not printed, Ambassador Smith expressed alarm regarding the manganese ore situation and reiterated his opinion that top priority should be given to building up manganese reserve stocks and developing alternate sources in order to eliminate dependence on Soviet supplies (611.6131/9-948).

640.119/9-148: Telegram

The Acting Secretary of State to the Embassy in France

SECRET

WASHINGTON, September 28, 1948—6 p. m.

3848. From ECA and State.

A. Dept policy (urtel 4529, Sep 1¹) issuance licenses for export USSR and countries Sov orbit of items on arms list (as defined in Presidential Proc 2776²) follows:

1. Licenses denied for export USSR and Sov orbit countries (Poland, Czecho, Yugo, Albania, Bulg, Rum, Finland, Hung, Sov Zone Germany) all items arms list. In applying this policy, practice modified particular respects as follows.

2. Items necessary maintenance and repair aircraft owned by na-

¹ Not printed.

² See the editorial note, p. 528.

nationals US or countries not in Sov orbit operating regular schedules into Eastern Europe will be licensed for export to owning lines in countries in Sov orbit provided:

a. Assurances recd such items to remain continuously in possession and control such nationals until used; and

b. Quantities involved are no more than needed for short term requirements such lines.

3. Items necessary for maintenance and repair aircraft owned by Finns for regularly scheduled operations domestically or to non-Sov-orbit countries will be subject to same controls as those set out in 2a and 2b above.

4. Re other exports to Finland, Dept will consider on their merits and may approve applications involving certain items arms list. In considering such applications, Dept takes account of evidence such items to be used civilian purposes in Finland, will not be reconverted military use, and are not type included in reparations deliveries to USSR.

B. Objective negotiations with ECA countries should be obtain adherence above policies, with agreed procedure whereby such countries would advise Harriman regarding approvals granted under para 2 and 3 and would consult with Harriman before approving transactions under 4. These instr amend Deptel 3352 (Torep 816³), especially paragraphs 2(b) and 2(f). [ECA and State.]

LOVETT

³ August 27, p. 564.

501.BD Europe/10-648: Telegram

The Deputy United States Representative to the Economic Commission for Europe (Porter) to the Secretary of State

CONFIDENTIAL

GENEVA, October 6, 1948—7 p. m.

1363. Noce 357. From Porter.

1. *Ad hoc* committee on industrial development and trade adjourned 4:30 October 5 after adopting with no dissenting votes Netherlands, Belgian, French, Swedish resolution recommending establishment committee development of trade.¹ Vote was ten in favor six abstentions

¹ The *Ad Hoc* Committee on Industrial Development and Trade of the Economic Commission for Europe met in Geneva from September 27 to October 5, 1948. Twenty-two countries were represented, several of them by cabinet-level delegates. The Committee agreed to recommend to the ECE that a Committee on the Development of Trade be established to promote the increase of trade through the full utilization of national resources and the more rapid development of the economies of European countries. Proposed terms of reference for the Committee were also agreed upon. The U.S. Delegation's detailed report on the session was transmitted to the Department of State in airgram A-274, October 19, from Geneva, not printed (501.BD Europe/10-1948). For a summary of the transactions of this session of the *Ad Hoc* Committee, see *Yearbook of the United Nations 1948-1949* (New York: United Nations Department of Public Information, 1950), pp. 504-505.

(Eastern bloc) one delegate absent (Luxembourg). Text follows in clear.

2. Following rejection of Soviet proposals first for separate committee industrial development then for combined trade and industrial development committee final action with no negative votes confirms views held throughout by USDel. During last days OEEC countries consistently supported US position and earlier fears that French and Swedish delegates might accept compromises opening door to substantive industrial development work by new committee proved unfounded. In fact in lengthy informal meeting Monday afternoon, ostensibly called by chairman but actually arranged by executive secretary for purpose finding compromise to achieve unanimity French delegation stood very firm.

3. Industrial development issue of primary importance to USSR and satellites. Objective obviously to secure UN forum to approve overall development programs "popular democracies" and lend moral support to claims for credits and capital goods from international bodies and from US and UK. Other OEEC countries have little direct interest in this matter and since most of their delegates came without clear instructions on stand to be taken it was necessary to clarify this issue repeatedly before achieving common front resulting in rejection of Soviet proposals and of secretariat's persistent attempts at unworkable compromises.

4. US delegation believes that initial stresses and strains in OEEC ranks largely healed by end of session. Cohesion ultimately achieved by West resulted in turn upon straining Eastern ranks with Poles and probably Czechs and Yugoslavs also urging Soviets to abstain rather than oppose trade committee resolutions finally adopted. We understand countries mentioned agreed to cooperate in work of committee in spite of abstention.

5. Following disposition trade committee resolution Poles presented resolution inviting executive secretary to prepare for forthcoming special session ECE (unnecessary words omitted) "comprehensive summary recommendations as to activities of trade committee, taking into account exchange of views which took place during *ad hoc* meetings, proposals put before it by different delegates, and resolutions adopted by *ad hoc* committee". This would have invited re-debate entire problem including rejected resolutions at special session. As finally amended by Denmark, French however, reference to special session deleted and executive secretary's summary to be based on resolutions adopted. Final vote was 11 for, 1 (Yugoslavia) against and 4 (USSR, Byelo-Russia, Ukraine, Czechoslovakia) abstaining. We attach no significance to Yugoslav opposition which seemed due chiefly to procedural confusion reigning after midnight.

6. Soviet proposal that "*ad hoc* committee on industrial development and trade pronounce itself against prohibitions and limitations imposed on trade to Western European countries by Marshall Plan, which is obstructing the development of economic cooperation between European countries" was defeated 10 to 6. Soviet delegate made brief, weary speech supporting his motion. Accused US of violating its 1937 trade agreement with USSR and of controlling trade of Western European countries with Eastern European countries in order to further objectives of political expansion. In concluding statement Soviet representative said that unsatisfactory result of committee's work was due attitude delegations tied to Marshall Plan. Porter (US) stated he considered USSR motion out of order and therefore would not reply. Speech ruled in order but closure voted immediately.

7. Executive secretary to prepare report to work of the *ad hoc* committee for circulation to governments concerned at which time he will probably poll governments on need for special session. Myrdal inclined to feel absence of unanimous favorable vote on trade committee resolution may necessitate special session but we have questioned need for session in view general acceptability of results as evidenced by majority affirmative vote and minority abstentions.

Sent Department 1363, repeated Paris 257, Torep 88 and US Delga.

[PORTER]

123 Gallman, Waldemar J.: Telegram

The Ambassador in Poland (Gallman) to the Secretary of State

SECRET

WASHINGTON, October 16, 1948—1 p. m.

1358. Yesterday's presentation ceremonies,¹ as anticipated, took place in a friendly atmosphere. After President Bierut² and I had exchanged the customary formal remarks and I had introduced my staff, Bierut invited me, as protocol prescribes, to private talk. Bierut throughout showed cordiality one would expect on occasion of this kind. What did surprise me was length of time he wished to give to our talk. It lasted some forty minutes. He confined it to Poland's economic problems and relations.³

Bierut opened conversation by saying that as I had been in Poland before war I must have been struck on returning now by degree of

¹ Waldemar Gallman succeeded Stanton Griffis as Ambassador in Poland.

² Bolesław Bierut, President of the Polish Republic.

³ Ambassador Gallman's first conversation with Polish Foreign Minister Zygmunt Modzelewski, on November 10, reported upon in telegram 1509, November 10, from Warsaw, not printed, was also almost exclusively given over to a discussion of Poland's desire to increase trade with the United States (711.60C/11-1048).

destruction. I told him I was, but that I was also struck by spirit and industry shown by people of Poland in work of clearing up and rebuilding. Here he said that as we in the US knew from observing Poles who had emigrated there, Poles were an industrious people but fact remained that in spite of much hard work there were still many ruins and much in field of reconstruction to be done and in this work it had been hoped US would help. After some help from US in period following hostilities, help dwindled and that was a disappointment to Poland. Poland was now doing what she could with her limited resources but there was much she needed from abroad, including US. Poland had established close economic relations with Soviet Union and her immediate neighbors and had reestablished economic relations with some countries further removed, notably Sweden. She wished to reestablish all her prewar economic relations. As for her immediate neighbors I would see that close economic relations with them would be considerably extended over next twelve months. While touching on Poland's disappointment in her trade relations with US, Bierut showed rather detailed knowledge. He cited Poland's need of slabbing mill equipment, Poland's advance of money to purchase this equipment in US, and of how our system of export licenses had stalled shipment of this and other machinery and products. At this juncture, I interposed that I was familiar with the slabbing mill question and, of course, with application of our export licensing system and reasons therefor but in spite of these controls I added that I thought there was room for exploring possibilities of trade in certain fields under certain conditions and I would like to see such possibilities explored when they arose. He replied that he was glad to hear me say this and that Polish Government would support every attempt to further trade with US.

Bierut also said that he had feeling that what was being planned and done rebuilding Poland was not fully appreciated in US. Poland seemed to be regarded as poor field with no prospects. Whatever I could do, he continued, to correct that impression would be appreciated.

I replied that Embassy would continue to report as fully as it could on developments in Poland. I then digressed a bit and said that I felt that if war had not come in 1939 and Poland could have continued for another twenty years as energetically as she had from time she was reestablished as an independent country, solid foundations would have been assured. To this observation he replied vaguely that Poland was a peace loving country.

At one point in our talk, I told Bierut I was very much interested in seeing what was being done outside Warsaw in rebuilding country and asked him what places he would recommend that I should visit. As first step, he said I ought to visit exhibition in Wroclaw which

showed what already had been done in western territories and what was planned for them.

Bierut is slow, soft spoken and did not impress me as particularly strong character. Wierblowski, acting Minister for Foreign Affairs, who was also present at talk, appears to be of harder metal and keener and sharper. He ranks high in Polish Communist circles. It was he who said that, as reported in our despatch 705 of September 28,⁴ when I expressed interest after becoming established in going over with Foreign Office officials problems of interest to both our governments that he and others would be glad to do that but that "question on the bigger political field" could not be discussed as nothing could be accomplished between us in that field. Yesterday during my talk with Bierut he had very little to say.

Sent Department 1358, pouched Moscow, Prague, Sofia, Bucharest, Belgrade, Budapest.

GALLMAN

⁴ Not printed.

646C.6131/10-2248 : Telegram

The Acting Secretary of State to the Embassy in the United Kingdom

CONFIDENTIAL URGENT WASHINGTON, October 22, 1948—6 p. m.

4049. For Bliss.¹ Dept concerned Ceylon may reach understanding sale rubber USSR before Dept able reply Ceylon Govt note ² sent by courier but not yet recd. Depending on magnitude, duration, and terms, contract could entail serious Sov economic penetration.

Ascertain soonest progress London Ceylon-CRO discussions from Brit but not Ceylonese. If likelihood deal persists, using precautions specified Deptel 4003, Oct 19 ³ request Brit use best offices soonest with Goonetilleke ⁴ to prevent deal. Express strong regret Brit stimulated negotiation knowing US views Sov rubber purchases.

¹ Don C. Bliss, Counselor of Embassy for Economic Affairs at London.

² The note under reference is not printed. It stated that the Soviet trade representative in London had approached the Ceylonese Government regarding the purchase of Ceylon's rubber output, mostly in sheet form. Ceylon was not anxious to enter into such an agreement in view of the value and use of the rubber in wartime, and Ceylon was reluctant to prejudice the interests of the United States and the United Kingdom.

³ Not printed; it urged that in contacting Ceylonese or British officials regarding the possible purchase by the Soviet Union of Ceylonese rubber the utmost discretion be used in order to avoid the implication that the United States was willing to meet the Soviet offer or prevent Ceylon from possibly bidding for a higher Soviet offer (646c.6131/10-1148).

⁴ Sir Oliver Goonetilleke, Ceylonese Minister for Home Affairs.

Unable understand Brit reasoning re lack evidence Sov stockpiling. USSR 1948 imports estimated 100,000 tons. Consumption 30,000 (tel 85 to London from Moscow ⁵).

Kennedy Chief IR ⁶ familiar this question now at tin meeting The Hague being cabled re availability London about Oct 30 assist Emb if needed.

LOVETT

⁵ Not printed.

⁶ Donald D. Kennedy, Chief, International Resources Division (IR); Kennedy was chairman of the United States Delegation to the Third Meeting, International Tin Study Group, being held at The Hague.

National Advisory Council Files : Lot 60 D 137 : Box 1

Minutes of the 109th Meeting of the National Advisory Council on International Monetary and Financial Problems, October 26, 1948 ¹

CONFIDENTIAL

Mr. William McC. Martin, Jr. (Acting Chairman), Export-Import Bank

Mr. Garrison Norton, State Department

Mr. J. Burke Knapp, State Department

Mr. J. J. Stenger, State Department

Mr. Roswell H. Whitman, State Department

Mr. Thomas C. Blaisdell, Jr., Commerce Department

Mr. Frederick Strauss, Commerce Department

Mr. Winfield Riefler, Board of Governors, Federal Reserve System

Mr. Lewis Dembitz, Board of Governors, Federal Reserve System

Mr. Herbert E. Gaston, Export-Import Bank

Mr. Hawthorne Arey, Export-Import Bank

Mr. Edward Lynch, Export-Import Bank

Mr. Wayne C. Taylor, Economic Cooperation Administration

Mr. James H. McCullough, Economic Cooperation Administration

Mr. Melville E. Locker, Economic Cooperation Administration

Mr. James R. Brooks, Economic Cooperation Administration

Mr. Andrew N. Overby, International Monetary Fund

Mr. Henry Tasca, International Monetary Fund

Mr. Eugene R. Black, International Bank

Mr. John S. Hooker, International Bank

Mr. Walter C. Louchheim, Jr., Securities and Exchange Commission

Mr. Frank A. Southard, Jr., Treasury Department

Mr. George H. Willis, Treasury Department

Mr. Elting Arnold, Treasury Department

Mr. Henry J. Bittermann, Treasury Department

¹ The National Advisory Council on International Monetary and Financial Problems, as established in August 1945 under the terms of Public Law 171, 79th Congress, 1st Session, was charged with the duty of coordinating the policies and operations of the various agencies of the Government engaged in foreign financial, monetary, or exchange transactions.

Mr. Robert A. Dillon, Treasury Department
Mr. Matthew J. Marks, Treasury Department
Mr. C. Dillon Glendinning (Acting Secretary)
Mr. Allan J. Fisher (NAC Secretariat)

1. *Proposed International Bank Timber Equipment Loans*

Mr. Glendinning pointed out that the proposed loan would provide \$8.5 million to Austria, Czechoslovakia, Finland, Poland and Yugoslavia for the purchase of timber equipment which would be used to increase timber production for export to Western European countries. The loan would run for two years and repayment would be made out of the proceeds of the sale of timber to Western European countries. It was understood that ECA would facilitate payment for the timber through offshore purchases. The proposed action was that the Council advise the U.S. Executive Director of the International Bank that it approved his consideration in the Board of Executive Directors of these credits (NAC Document No. 754²).

Mr. Blaisdell said that he would be interested in the views of the State Department with respect to the extension of the loan to these particular countries which, if they had applied for a direct loan from the Export-Import Bank, might not receive the same consideration. Mr. Knapp said that the State Department regarded the loan as a very constructive step, primarily because the added timber production would be for consumption in Western Europe. It would promote a constructive flow of East-West trade of mutual advantage which would bring to Western Europe a very real benefit that could not be obtained in any other way. The loan was not only small in amount but short-term so that repayment would be effected in not more than two years, and the benefits to be obtained by the Western European countries far surpassed in magnitude the amount involved. The matter had been given the most careful consideration from the economic and political point of view and the opinion of the State Department was that the loan was justified.

Mr. Blaisdell inquired further as to the political considerations involved. Mr. Knapp said that the political considerations would be overriding if the loan were primarily for the benefit of Eastern European countries, were long-term and included no reciprocal advantages. However, such political considerations as might exist were slight in comparison with the economic merits.

Mr. Gaston asked whether the view was that where a loan can be made that promises to have an important effect in stimulating East-West trade it would be considered favorably. Mr. Knapp said it would be necessary to review each case on its merits but that the foregoing statement could be regarded as a good guiding principle. Mr. Norton

² Not printed.

added that, while East-West trade was an important consideration, it might be secondary to relieving the critically short timber supply in Western Europe. Mr. Gaston observed that the same consideration would apply to the provision of such commodities as coal to Western Europe. Mr. Knapp agreed.

Mr. Blaisdell said that apparently no distinction was drawn between the loan to Austria and Finland and to the other three countries that are involved. He was not sure whether there was any difference since the economic argument is the same in both cases. As long as we make dollars available for purchases in those countries the dollars will be used eventually for purchases here. He wanted to be sure we had thought through our grounds when we were strengthening the existing governments in those countries. There were some by-products in the form of a return to us in strengthening the Western countries. There was no virtue in East-West trade *per se*. If the goods were cheaper it would be as good as other trade and no better. The political angle was significant. The Staff Committee had not discussed this point in the paper and he thought that the State Department might well give its thinking with regard to the local situation in these countries in justification of this loan. He could see justification for strengthening the government of Yugoslavia. He was not so sure a case could be made for strengthening the governments of Czechoslovakia and Poland.

Mr. Knapp said that political disadvantages in strengthening Eastern European governments should be weighed against the political advantage we seek to derive from ERP. It was a weighing of factors essentially economic in character. The whole ERP was endowed with tremendous political interest. It was necessary to make a judgment as to where the balance of advantage lay and the State Department thought that the balance lay with going ahead with this project.

Mr. Southard said that it had been understood in the Staff Committee discussions that the Administrator of the Economic Cooperation Administration attached considerable importance to obtaining timber for Western European recovery. The timber would move West and in return not only bulldozers and similar equipment but other goods would move East. He thought that on the economic side we had accepted the proposal on the basis of the balance gained by the West from timber, particularly heavy timber and pit props, which have been badly needed, and we have assumed that the political acceptability of the loan derives from that balance of gain. He pointed out that the newspapers had announced that the balance of trade with Russia was in Russia's favor. He assumed we had a suitably tight control of exports to the satellite countries and understood that ECA was endeavoring to get the ERP countries to conform to certain categories of export control maintained in this country. He thought we could assume Western Europe was allowing Eastern Europe to obtain the same goods

we were allowing them to obtain and for the same reasons. It was a matter of whether we considered it was desirable for Western Europe to get timber for goods making for no greater strengthening of Eastern Europe than the goods we ship. The political acceptability of the loan must depend on the economic gain to the West and thereby to us. He had discussed the matter with Secretary Snyder on this basis, and the Secretary had authorized him to cast his vote in favor of the proposal.

Mr. Taylor said that ECA was very much in favor of the proposal. His personal opinion was that a little judicious fishing in troubled waters is not undesirable in itself.

Mr. Reiffer observed that the economic case was clear, since the timber shortage was so acute that to get timber in the quantities contemplated made the project worthwhile. He assumed the State Department was taking care of the political aspects and the military considerations, if any, had been cleared.

The Chairman said that the proposal had to be considered in relation to the Economic Recovery Program and that the balance seemed to favor going ahead with the proposal.

The Council unanimously agreed to accept the recommendation of the Staff Committee.

Action. The following action was taken (Action No. 292) :

The National Advisory Council advises the United States Executive Director of the International Bank that it approves his consideration in the Board of Executive Directors of credits totalling approximately \$8.5 million to Austria, Czechoslovakia, Finland, Poland and Yugoslavia for the purpose of increasing the production of timber for export to ERP countries.

[The remainder of the meeting was concerned with other questions before the Council.]

646C.6131/10-2348 : Telegram

The Acting Secretary of State to the Embassy in the United Kingdom

SECRET URGENT

WASHINGTON, October 27, 1948—5 p. m.

4104. Bliss from Nitze.¹ Appreciate info urtel 4602 Oct 23.² Dept considers important discuss immed in detail with responsible UK

¹ Paul H. Nitze, Deputy to the Assistant Secretary of State for Economic Affairs.

² Not printed; it reported that following discussions between British and Ceylonese officials in London the British Commonwealth Relations Office had assured the Embassy in London that although Ceylon had not definitely turned down the Soviet offer to purchase rubber, no deal was likely in the near future and the Ceylonese were more interested in selling to the United States than to the Soviet Union (646c.6131/10-2348).

officials and report to Dept their view statistical position Sov rubber stockpiling. Emb Moscow also requested take above action.

Dept believes only convincing refutation data cited Dept 4049³ can justify Brit failure take effective counteraction. If data correct, Sov contracts for 1948 rubber shipment provide about 2 years stockpile. USSR has recd substantial portion quantity ordered. Lacking convincing refutation, considered essential Emb press FonOff consider necessity prevent Sov stockpiling one few items important Sov mil position and not significantly available within Sov orbit.

View above considerations and Dept's serious concern re influence contract for bulk Ceylonese output might give Sov in Ceylon economic and political matters, considered essential responsible Brit official convey to Senanayake⁴ before return Ceylon undesirability acceptance Sov offer cited urtel. Ceylon note gives no details. If practicable inform Dept soonest specific terms.

Fyi only, on basis present view Sov rubber position, Dept actively considering desirability and feasibility: (1) instruction to Harriman that in view shipments already made to USSR, rubber now 1-B list, be considered prohibited item equivalent 1-A in accordance provision restricting export 1-B items to limited quantities needed current consumption. Harriman would be requested negotiate agreement such prohibition with participating countries; (2) as necessary prevent further large Sov purchases, negotiating with rubber producers agreement recognizing common interest preventing Sov stockpiling, agreeing selling US for stockpile at agreed reasonable prices rubber otherwise available for Sov purchase, and preventing measures undesirably stimulating production.

Does Emb desire Kennedy come over from Hague? (Deptel 4049, Oct 22.) [Nitze.]

LOVETT

³ October 22, p. 574.

⁴ D. S. Senanayake, Ceylonese Prime Minister.

640C.6131/10-2748 : Telegram

The Ambassador in the United Kingdom (Douglas) to the Secretary of State

CONFIDENTIAL

URGENT

LONDON, October 27, 1948—7 p. m.

4653. Deptel 4049 October 22; repeated Colombo 188, Moscow 1245, Hague 541.¹

¹ *Ante*, p. 574.

At his own request Prime Minister Ceylon discussed with me at Embassy current rubber situation. Noel-Baker² and High Commissioner³ also present. Following facts developed:

First, Russians are interested in buying all of Ceylon's 1 and 2 sheets at above market price but only through June 1949. Actual Russian offer not mentioned. Prime Minister definitely stated Ceylon preferred strongly not to sell to Russians, but either to US or UK. At this point Noel-Baker explained UK unfortunately had no money for this purpose. Prime Minister virtually, though not explicitly, promised not to sell to Soviets. He could not, of course, make public announcement of such decision or flatly turn down Russians.

Second, as separate but associated problem, Ceylon is concerned about longer term future of its rubber industry which is high cost. Prime Minister stated, partly because of excessive tapping for allied war effort. Prime Minister anxious to know whether US willing assist in maintaining Ceylon rubber industry, say perhaps on five-year basis. If answer affirmative, Ceylon will discuss details Washington, London, or elsewhere. Otherwise, Prime Minister stated more rubber plantations will continue to go out of cultivation and other crops will have to be substituted.

I feel that if second phase of problem could be satisfactorily settled, US could probably obtain immediately available rubber even at market prices. Prime Minister is flying to Ceylon Sunday and I have told him I would try to have something further to say to him before he leaves. Would Department kindly let me know what I can tell him and what further action, if any, Embassy should take in this matter?⁴

Sent Department 4653; repeated Moscow 276.

DOUGLAS

² Philip J. Noel-Baker, British Secretary of State for Commonwealth Relations.

³ Sir Walter C. Hankinson, High Commissioner for the United Kingdom in Ceylon.

⁴ In early November 1948 the Department of State decided that the locus of discussions on the Soviet rubber problem should be shifted to Colombo and Washington. On November 13, acting on instructions from the Department, Ambassador Felix Cole in Colombo met with Prime Minister Senanayake. In telegram 290, November 13, from Colombo, not printed, Ambassador Cole reported that Senanayake had spoken largely along the lines of his conversation with Ambassador Douglas in London. Senanayake stated categorically that he would resist to the utmost any government-to-government rubber arrangement with the Soviet Union (646C.6131/11-1348).

646C.6131/11-1048: Telegram

The Acting Secretary of State to the Embassy in the Soviet Union

SECRET

WASHINGTON, November 10, 1948—4 p. m.

1308. Would appreciate reasons why Emb believes rubber the critical lever holding open manganese chrome supply line. (Embtel 2583,

Nov 7¹) Although Dept recognizes importance rubber USSR and manganese US, Sov bureaucracy and US-Sov economic relations possibly too complex permit isolation uniquely important factor or suggest likelihood Sov pairing specific commodities.

Basis urtel USSR should not be permitted obtain rubber at will but stopping rubber shipments might precipitate Sov stopping manganese chrome. Dept would appreciate your suggestions feasible program between these extremes.

Dept believes peacetime preclusive rubber buying probably impracticable because ease shipping satellites or smuggling enough rubber meet minimum Sov needs representing small fraction world production. Also raises problems (1) instituting all-out economic warfare action involving cooperation non-ERP countries, (2) involving other commodities through self-invited Sov offers as lever gain profitable US contacts, (3) difficulty enforcement through worldwide export controls, and (4) existence UK and Neth trade agreements.

LOVETT

¹ The telegram under reference, not printed, reported on Soviet rubber production and stockpiling and concluded with the following observation:

"Finally, in our view with any reasonable chance that Soviets through bold 1948 acquisitions tripling 1947 purchases natural [rubber] have secured three-four year stock minimum needs—West may have sacrificed not only important control and check on Soviet military potential but possibly also the critical lever now acting to hold open USSR-US manganese chrome supply line." (861.6176/11-748)

611.6131/11-1548 : Telegram

The Chargé in the Soviet Union (Kohler) to the Secretary of State

SECRET

Moscow, November 15, 1948—7 p. m.

2650. Re Deptel 1308, November 10.¹

Language Embtel 2583, November 7,² especially phrase "the critical lever" apparently over-strong as we intended only stress our opinion rubber principal and perhaps deciding but not sole factor in possible Soviet decision deny US manganese (see Embtel 1751 August 25³). Any decision this nature would be made at level Soviet bureaucracy constantly aware all factors and we do not agree with implication Soviet left and right hands might operate independently in matter of such importance. We certainly agree overt action our part this late hour to stop rubber shipments entirely or reverse consummated Soviet rubber purchases would precipitate manganese reprisals.

¹ *Supra.*

² Not printed, but see footnote 1, above.

³ *Ante*, p. 563.

On whole, Embassy considers approach outlined Deptel 808 July 15⁴ et seq. sound and sees no reasonable alternative. In our view, target must be prevent Soviet accumulation reserves of menacing strategic significance without cutting down normal imports to point compelling Soviet reprisal on manganese. First essential certainly definition scope problem agreed with British, then joint effort with them to secure cooperation other major rubber interests, whether ERP or not, to secure preventive action on basis not only limiting growth Soviet military potential, hence threat to peace, but also for protection economic self-interest in orderly marketing rubber, and towards long-range solution present complete world natural rubber problem.

Embassy lacks information and background to warrant detailed comment specific problems reference telegram. Execution program would clearly involve organized cooperation all significant producers natural rubber and surveillance satellites as well as Soviet Union imports. While such action obviously difficult, should not be insuperable and certainly should be tried. We see no reason for UK and Netherlands to interpret their trade accords as commitment supply abnormal quantities. If direct preclusive buying now impracticable, methods might still be found adjust production and marketing by use ERP funds or counter-funds to increase European markets of producing countries, etc. While possibilities under (3) probably limited, survey Soviet orders from US now blocked by export controls might disclose some possibilities advantageous manganese deals.

KOHLER

⁴ Same as telegram 2748 to London, p. 554.

740.00119 EW/11-1648 : Telegram

The Ambassador in Italy (Dunn) to the Secretary of State

TOP SECRET

ROME, November 16, 1948—8 p. m.

4336. Further ourtel 4149, October 28 (102 to Moscow and 659 to Paris) and ourtel 4176, October 30 (103 to Moscow and 663 to Paris).¹

We should appreciate examination by Department and other interested agencies following possible approach to the reparations aspect of Italian East-West trade (Deptel 2674, October 28; repeated Moscow 1275, Paris 4198 especially lettered Paragraph (D)²).

¹ Neither printed. These messages were related to the negotiations being conducted in Moscow regarding trade and reparations agreements. These negotiations eventuated in the signing on December 11, 1948 of an Italian-Soviet Treaty of Commerce and Navigation together with agreements on trade, payments, and reparations deliveries from Italy to the Soviet Union. Documentation on these negotiations are included in Department of State file 661.6531 and 740.00119 EW.

² Not printed.

Department is of course, aware of Italian conviction that conclusion of trade agreements is dependent upon prior commitments on reparations from current production. We have had full discussions with Italian authorities along the lines of the Department's telegrams (e.g. 2559, October 13³ and 2674, October 28⁴) and the Foreign Office fully aware that the quantity of reparations from current production is residual and a function of eventual evaluation of surplus war equipment and Balkan assets. As a tactic to obtain Russian abandonment of demand for 1938 price basis and Reparations Control Commission Italians offered delivery naval vessels on transactional basis (see Moscow's 2579, November 6 to Department; repeated to Paris as 585, Rome as 80 and Embtels 3941, October 9, 4086, October 22 and 3825, September 28⁵). The quantities of goods proposed by Russians, therefore, are without meaning as reparations "schedule". However, Foreign Office fears it may become necessary to make definite commitments of quantities of some items, and perhaps even accept some orders prior to September 1949 up to [apparent omission] as a maximum difference between 100 millions and the Italian evaluation of the Balkan assets. There would be no deliveries, however, before September 1949.

During Italian treaty negotiations London and Paris, including Paris Peace Conference on Article 74, no question arose of the kind of goods which would be deliverable on reparations account.⁶ The Russians, therefore, disregarding reasons Italy might allege for refusing certain items on reparations account, might exploit what they would call our unilateral restrictive interpretations of Italian treaty obligations under Article 74(A), Paragraph 3. That is simply by way of calling attention to position that we will have to defend if our unilateral East-West trade restrictions are applied in full to reparations clauses of Peace Treaty (and especially if applied to list 1-B).

The Italian production in which Russia is primarily interested is that of Italian industries particularly depressed because of cost factors. These industries may be uneconomic in the sense that if they insisted on payment in dollars US and perhaps other countries would undersell. However, they do not ask dollars in payment and being willing to accept other forms of payment and as a corollary offering a means to

³ Telegram 2559, October 13, to Rome, not printed, cautioned that if the Italian trade delegation in Moscow allowed the Soviet authorities to draw them into negotiations involving any commitment of reparations from current production, there might be unfavorable public reaction in the United States and might diminish the possibility of eventually securing international support for the reduction of the current production burden. The telegram further observed that general U.S. policy on East-West trade was set forth in telegram 3352, Torep 816, August 27 to Paris, p. 564 (661.6531/10-948).

⁴ Not printed.

⁵ None printed.

⁶ Documentation on the negotiation of the Treaty of Peace with Italy is presented in *Foreign Relations*, 1946, volumes II, III, and IV.

Italy to obtain commodities without increasing its own dollar burdens they are real assets to Italian economy. Furthermore, so long as economies of Russian orbit exist in present or similar form these industries will continue to be economic in this special sense. The million or more workers in Italian heavy industry who have been led to believe they would be fully employed by orders from Eastern Europe (which in turn can furnish recovery goods and can contribute to Italian self-support), are under present conditions among the most valuable assets of Communist Party. As a general policy ECA on strictly economic grounds cannot view with equanimity the flow of ERP paid in volume toward certain of these depressed industries. Russian reparations and trade agreement orders would, therefore, complement not interfere with ERP assistance to other sectors of the economy more particularly as acceptance of orders from East would be contingent upon receipt of raw materials.

Moreover, it is our understanding that East-West trade restrictions apply in final analysis to deliveries. The bulk of reparations orders involved from Russia because of the treaty lag (September 1949) and the period consumed in drawing up specifications and completing manufacture would not be completed for two or more years. Who can foretell conditions prevailing in two years? If certain manufacturers for reparations account when ready for delivery are considered indispensable to Italian or European recovery; or create inflationary pressure arising from states financing of lire costs; or increase the burden on another ally; it should be possible to stop delivery and make a good case under the safeguard clause of the peace treaty. If reparations deliveries on other hand are stopped at sometime for reasons of US political policy a means could be found at time of such decision for financing the acquisition of the Russian interest (i.e. raw materials furnished on commercial terms) under ERP within a Western European payments arrangement or perhaps even if circumstances warrant under some military appropriation. The Italians even might finance part of the labor costs in interest of general security it should be more palatable to them than financing those costs as reparations.

Anyway we submit our thinking on reparations problem as related to East-West trade in hope of making contribution to development of policy which instead of tying us, perhaps to our disadvantage, to a set of principles that may vary in time, leave us with space for movement and is carefully calculated to secure our long-range political and security interests.

Sent Department 4336; repeated Paris for Harriman 681, Moscow 105.

DUNN

Bureau of Economic Affairs Files : Lot 54 D 361

Current Economic Developments

[Extract]

SECRET

[WASHINGTON,] November 22, 1948.

No. 178

PROGRESS IN EAST-WEST TRADE NEGOTIATIONS

Negotiations for the control for security reasons of exports from OEEC countries to the Soviet orbit, which have been initiated with a number of the ERP countries, have resulted in each instance in agreement in principle with US policies, and in some cases in substantial agreement on measures to be undertaken. Under the direction of Ambassador Harriman, acting for ECA and State, negotiations were begun with the UK early in September and have been followed by discussions with several of the ERP participating countries.

In these negotiations an effort is being made to obtain agreement to prohibit the export of all items on our 1-A list (munitions, including aircraft, plus equipment and material items designed primarily for or used primarily in production of munitions or contributing importantly to the war potential of the USSR and its satellites). With respect to 1-B items—those of great importance to the war potential of the Soviet orbit, but subject to export limitation to eastern Europe rather than complete embargo—an attempt is being made to obtain agreement of the participating countries to reduce continuing exports of these items to eastern Europe, to provide the US with periodic information on these exports to the Soviet orbit, and to prohibit the export of items that involve important western scientific and technological advances which could be used as prototypes by eastern Europe.

As was expected, developments which have arisen in discussions with the participating countries have led to slight modification of original US policy. For example, initially it was proposed that limited lists be presented each OEEC country, excluding such 1-A and 1-B items as would not be produced for export by the economy involved. The various countries to whom these lists have been turned over for consideration, however, began to consult among themselves, and the value of uniform treatment became evident. At present, the policy is to inform participating countries that full lists exist and to make them available after the adjournment of UN General Assembly's Economic and Financial Committee, which has been considering the question of "discrimination in international trade", raised by the Polish delegation.

The question of inviting Dominion participation is under discussion between State and ECA. During the Commonwealth Conference, re-

cently held in London, the British brought up the question of possible advice to the Dominions concerning export control policies. The British have been informed that, although there is no objection to the UK government discussing the problem with the Dominions, it is our position that negotiations with the Dominions should be undertaken directly by the US. We have asked the British not to make the lists available to the Dominions, at least until they have been made available in full to the OEEC countries and have suggested that the British inform us of any action which they take vis-à-vis the Dominions in order that our approach to them may be appropriately modified. Canada is the only Dominion with which the US has undertaken any discussion. As a result of Canadian initiative in asking for the prohibited and restricted lists and in suggesting the possibility of cooperative action, informal conversations were held and the Department, feeling that Canada occupies a very special position with respect to US export controls in general, made the lists available. It has not yet been decided by the Department and ECA whether to attempt to negotiate a full agreement with the other Dominions. ECA recognizes that this is primarily a problem for the Department because the Dominions are not participating in OEEC and are not technically subject to provisions of Recovery Program legislation.

Following is the progress in negotiations with participating countries as reported to the Department to date:

United Kingdom. The UK government has assured us that it subscribes in principle to the program and has indicated its willingness to be of assistance in sponsoring the program with other participating countries. The British have given assurance that all shipments of articles on the 1-A list are being prevented by administrative action pending a final analysis of the lists. They have submitted specific suggestions concerning the 1-A list, involving some deletions and modifications and some expansion of categories. These specific suggestions are being studied at the present time. The British have also informed us that implementation of the program will require additions to their positive list, which will necessitate parliamentary action.

France. A limited list has been presented to the French government, which has indicated agreement in principle with the policy and has promised a detailed evaluation of the lists presented. A first perusal of the lists did not lead to any complaints on the part of the French. For several months the French government has sought the opinion of the ECA Mission in France and the Embassy concerning "questionable" transactions.

Italy. Embassy Rome reports that satisfactory commitments have been secured from the Italian government. The government has expressed its willingness to cooperate fully in the program, and has undertaken to revise its export controls so that 1-A shipments may be

stopped and data furnished concerning 1-B shipments. The Italian government, which has been under considerable pressure from the USSR in the negotiation of a trade and reparations agreement, has been anxious to secure favorable consideration by the US of its special problems, including that of meeting Soviet requests for ships of Italian construction. ECA and State have undertaken to recognize as fully as possible the economic and political problems which Italy faces in making trade agreements with the USSR and the satellites. Conversations with the Italians have made it clear that 1-A restrictions should not be so great as to impede the possibility of a substantial trade agreement with the Soviet Union.

Scandinavian Countries. The Norwegian government has agreed to the objectives of US policy and has promised to exclude 1-A items in future transactions. It is, however, seeking special consideration for certain items in the 1-A category which Norway has in the past exported to eastern countries in relatively limited quantities. The Swedish government has apparently promised in principle to cooperate in the policy, on the condition that complete secrecy be maintained. Swedish officials are engaged in studying the lists of 1-A and 1-B commodities which appear to figure in potential Swedish exports to eastern Europe. The importance of eastern trade to Sweden, the limited ECA assistance to that country, and the traditional Swedish policy of neutrality make negotiations with Sweden difficult. Denmark has indicated full support for the program, but no concrete data concerning negotiations are as yet available.

Austria. The Austrian government has indicated that it is in complete agreement with US policies and that its controls over foreign trade are adequate to implement the policies adopted.

Benelux. The Netherlands government has indicated agreement in principle, and is engaged in studying the problems involved. No report on negotiations with Belgium-Luxembourg has been made available.

Switzerland. The problem has been explored with our representatives in Switzerland, but no negotiations with the Swiss have been undertaken to date. In view of Switzerland's refusal to sign the ERP bilateral, and in the light of Swiss activity in re-export trade, negotiations are expected to be difficult, with little likelihood of success. There is some optimism, however, that agreement can be reached on a very limited number of items, probably including all munitions.

Western Germany. The position of the US as an occupying power in western Germany makes it possible to implement the policy without any major difficulties.

Greece, Turkey, Eire, Portugal, Iceland. No negotiations have been undertaken with these countries, primarily because of the nature of their export trade. No difficulty is anticipated in reaching agreement.

Related Problems. The Department of Commerce has undertaken

to ask the cooperation of selected countries in the enforcement of US export controls, insofar as violated by US citizens. This problem, although related to the above policy, is being handled in an entirely separate manner. US policy towards aviation matters involving the USSR and its satellites is closely related to east-west trade negotiations. Aviation policy involves an attempt to get agreement from all western European countries that they will not sell equipment or furnish service to eastern airplanes. Inasmuch as all aviation equipment is on the 1-A list, the negotiations with western countries have been handled jointly with the ECA and as a part of the ECA program. Recently, however, it was agreed that discussions on aviation policy will proceed separately, with the Embassies conducting negotiations. The ECA Missions will take account of this in their negotiations.

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Editorial Note

The question of "Discriminations practiced by certain States in international trade obstructing normal development of trade relations and contrary to the Purposes and Principles of the United Nations Charter", an agenda item proposed by Poland, was considered by the United Nations General Assembly during the First Part of its Third Regular Session held in Paris, September 21–December 12, 1948. The agenda item was considered by the Second (Economic and Financial) Committee of the General Assembly during meetings held in early November 1948. Ultimately, a Polish draft resolution seeking to condemn the political use of international trade discrimination was defeated in the General Assembly meeting of November 26, 1948 with only the Soviet Union and the Eastern European states casting affirmative votes. For an account of the discussion and voting on this item in the General Assembly and the Second Committee, see *Yearbook of the United Nations 1948-49* (New York: United Nations Department of Public Information, 1950), pages 482–485. See also the brief account of the American position on this question in *Department of State Bulletin*, November 28, 1948, page 666.

661.6531/11-3048 : Telegram

*The Secretary of State to the Embassy in Italy*¹

TOP SECRET URGENT WASHINGTON, November 30, 1948—5 p. m.

2910. 1. Dept and ECA have examined further issue of Ital-USSR reparations agreement as it relates to Ital-USSR trade agreement and

¹ This telegram was repeated to Paris for Harriman as 4577 and to Moscow as 1349.

restrictions on delivery to East of goods on 1-A list. Particularly for reasons set forth in Embtels 4336, Nov 16² 4064, Oct 21,³ Rome's Torep 167, Oct 11,⁴ we agree to following:

a. Assuming reasonable terms of trade conclusion Ital-USSR trade agreement appears desirable. Should such agreement depend on conclusion of agreement on reparations current production, Dept would not object such rep agreement provided clearly established and consistently maintained by Itals that in principle and detail such agreement continuously subject provisions and limitations of Article 74 as set forth in Deptel 2476, Oct. 1.⁵

b. Itals should exercise every effort exclude 1-A items from agreed rep deliveries. There appear be sufficient 1-B and lower order items on Soviet list of rep requests to more than exhaust amount due Soviets even should Balkan assets be valued less generously than Itals anticipate.

c. Nevertheless, should Itals demonstrate that efforts to delete all 1-A items from rep agreement have proven unsuccessful and that failure to agree delivery such items will prevent reps agreement, State and ECA will consider limited deliveries of 1-A items and approve this in principle; final decision on 1-A items must of course be made on case by case basis.

2. Dept memo on which foregoing based being pouched courier.

3. If Harriman concurs, and if occasion requires it, foregoing views on trade and reparations may be made known to Ital Gov.

4. In light this cable we are reviewing urgently specific question raised in Rome Embtel 4443 of Nov. 26,⁶ which was also subject of Ital Emb representation to Dept. on Nov. 26.

MARSHALL

² *Ante*, p. 582.

³ Not printed; it reported that the Italian-Soviet trade and reparations negotiations in Moscow had reached the stage when it would soon be necessary to discuss Italian construction and delivery of specific types of items, including some which were prohibited under current East-West trade restrictions (740.00119 EW/10-2148).

⁴ Not printed; it reported on demands by the Soviet Union for the delivery as Italian reparations of ships built in Italian shipyards. It was recommended that such construction and deliveries be approved in view of the delicate situation in the Italian shipyards where there was excessive unemployment and a strong, Communist-led trade union (865.642/10-1448).

⁵ Not printed.

⁶ Not printed. It reported that high officials of the Directory General of Economic Affairs of the Italian Foreign Ministry had informed the Embassy in Rome that the Italian Embassy in Washington would shortly take up with the Department of State and the Economic Cooperation Administration the question of whether Italy might be allowed to construct and deliver for the Soviet Union a number of small tankers under the terms of an Italian-Soviet trade agreement (661.6531/11-2648). Telegram 2923, December 1, to Rome, not printed, instructed the Embassy to inform Italian authorities that if they were satisfied that the inclusion of some small tankers was essential to the conclusion of the Italian-Soviet trade agreement, the United States would offer no objection. Such approval was not to be construed by the Italians as a general waiver on the sale of tankers to the Soviet bloc (661.6531/11-2848). The Embassy in Rome did not find it necessary to inform the Italian Government along the lines authorized by the Department inasmuch as the Italian-Soviet trade agreement was shortly concluded without inclusion of the tankers in the list of items.

860F.50/12-1648 : Telegram

The Chargé in Czechoslovakia (Penfield) to the Secretary of State

SECRET

PRAHA, December 16, 1948—11 a. m.

1861. Czech difficulties (see Embtel 1855, December 15¹) and worsening general economic situation (including internal food and consumer goods shortages) attributed by Communist press and propaganda organs to politically motivated western imperialism with special emphasis on ECA. US export license policy is particular target. Official Czech figures show October volume US-Czechoslovakia trade at lowest postwar figure.

While our economic policy re Czechoslovakia appears to be effectively severe, our public statements concerning east-west trade, such as made by Assistant Secretary Thorp at Paris,² may create in minds of more intelligent satellite leaders (see remarks Nyarady reported Bern telegram 1622 to Department³) impression of possible liberalization American policy re trade with Soviet satellites.

Question therefore arises whether some shift of emphasis in propaganda treatment of our economic policies vis-à-vis satellites might not be constructive. If it were made clearer by US that in face of politically motivated economic policies of Czech Government, US policy could hardly be more liberal than it is, Embassy feels we would strengthen our position locally because :

(1) Majority of politically literate Czech population already sees picture in those terms and many feel we are either hypocritical, if they realize actual severity our policy, or foolish, if they take some of our public statements at face value, and (2) intelligent Czech leaders who, while perhaps loyal Communists, are alarmed at tempo and intended completeness Czechoslovak domination by USSR, would be strengthened and perhaps even enabled to effect some tactical concessions, for instance in connection with global settlement. Czech individuals have approached Embassy officials expressing similar sentiments Nyarady.

¹ Not printed; it reported that the high-level Soviet-Czechoslovak economic negotiations in Moscow during December 1948 may have resulted in a \$200 million gold grant to Czechoslovakia in order to bolster Czechoslovakia's dwindling dollar supply and to allow it to serve as an import intermediary for the USSR (660F.6131/12-1548).

² The reference here is presumably to the speech on United States trade policies made on November 10, 1948, to the Economic Committee of the Third Session of the United Nations General Assembly meeting in Paris, by Assistant Secretary of State Willard Thorp. For a summary of the speech, see Department of State *Bulletin*, November 14, 1948, p. 616.

³ Not printed; it reported on statements made to Bern Legation officials by Nicholas Nyárádi, who had just resigned as Hungarian Minister of Finance and gone into exile. Nyárádi expressed the opinion that the theory that the West should increase trade with the Soviet satellites in eastern Europe as a means of building up friendly feeling there was based on a false assumption. Nyárádi insisted that the increase in police power and Soviet direction in eastern Europe would prevent trade from having any practical political effect (864.00/12-748).

Czechoslovak-Soviet Moscow agreement announced yesterday may provide convenient opportunity for initiation propaganda shift. In separate telegram ⁴ Embassy will outline propaganda lines illustrating table suggestion.

Pouched Moscow, Warsaw, Budapest, Belgrade, Sofia and Bucharest.

PENFIELD

⁴ Telegram 1897, December 24, from Praha, not printed (860F.50/12-2448).

840.50 Recovery/12-1848: Telegram

The Ambassador in the Soviet Union (Smith) to the Secretary of State

SECRET

Moscow, December 18, 1948—7 p. m.

2959. MA, NA and AA agree with me in expressing our concurrence general tenor and thesis re east-west trade expressed Bern's 1622, December 7 to Department ¹ and basic principles State and ECA policies outlined Deptel 3352 August 27 to Paris (Torep 816).²

We agree that theories of creating "friendly feelings" as well as increasing dependence east relative to west based on false assumptions. While recognizing necessity certain minimum of this trade at present and in future, little doubt in our minds of Soviets long-range intent and proven capability all essential purposes reorient satellite states trade ties from west to east; hence seems to us incumbent on west to devise methods long-range conduct and control this trade in same hard-headed manner as will Kremlin and as actively and effectively as we now pursuing evolution harmonious and prosperous union freely trading nations west and world. Extent to which Russia is still dependent on foreign technique to develop her industry is very great in all fields and we feel that considerable carefully chosen extensions of prohibited exports would be very advantageous to us.

In this connection we consider of major import and suggest review one phase this overall problem apparently unstressed to date, i.e. east's acquisition hard currency exchange through export essentially luxury and other consumer goods commodities to west and through present false value current ruble exchange rate with consequent increment east's basic economic military potential at home and/or in chaos fomenting capabilities abroad. While US is essentially dependent upon and must seek to obtain maximum cooperation OEEC countries in observance 1/A-1/B restrictive lists, we almost alone responsible

¹ Not printed, but see footnote 3, p. 590.

² *Ante*, p. 564.

for establishment and implementation of logical long-range policy cognizant of feature outlined above.

In summary, we believe until whole present character unstable east-west relationships changes radically: (1) America's acquisition luxury items should be directed toward only those items available from the still free nations of the world; in this connection we think possibility using ERP counterpart funds to stimulate exports from OEEC nations might well be explored; and (2) engineering and other technical assistance to Communist nations should be kept to absolute minimum in all fields.

SMITH

PARTICIPATION OF THE UNITED STATES IN THE BELGRADE CONFERENCE ON THE RÉGIME FOR FREE NAVIGATION OF THE DANUBE RIVER ¹

840.811/2-2748

*The Secretary of State to the Ambassador of the Soviet Union
(Panyushkin)*

The Secretary of State presents his compliments to His Excellency the Ambassador of the Union of Soviet Socialist Republics and has the honor to refer to the decision of the Council of Foreign Ministers of December 6, 1946, to "call within six months of the coming into force of the Peace Treaties of Rumania, Bulgaria and Hungary, a conference to work out a new convention regarding the regime of navigation of the Danube".²

While the Government of the United States favors the calling of the conference at the earliest practicable time, it believes it inadvisable to attempt to set a definite date at this time since the question of a

¹ Bibliographical Note.—A large quantity of material comprising background studies and position papers, some publications, conference documents, minutes, speeches, and maps, is in the files of the Department of State under Lot No. 54 D 262, Box 12435. A smaller collection, mostly duplication but with some supplementary, unindexed documents, is contained in three packages in the "Bulky Files" under 840.811/9-148. There are several folders with the number 715.5 and a short title in the Belgrade Embassy Post files, Lot No. F-172, Box 44 (or 59 A 543). These are chiefly copies of telegrams, not all of which are in other collections. Relevant portions from the essential historical treaties relating to the arrangements for the regulation of the Danube river navigation and control are collected in Department of State, "Treaties and Conventions Relating to Navigation on the Danube, 1815-1947," in *Documents and State Papers*, vol. I, no. 4 (July 1948), pp. 250-274. There is a helpful article by Fred L. Hadsel on "Freedom of Navigation on the Danube," in Department of State *Bulletin*, June 20, 1948, pp. 787-793, 797. A review of the course of the Belgrade Conference by Maxwell Harway, Assistant Inland Transport Adviser, Office of Transport and Communications, in the Department of State, who was the Technical Secretary of the United States delegation to the Belgrade Conference, together with four Annexes containing a selection of some more significant documents and statements of this conference, is printed in an article entitled "Soviet Domination of the Danube Conference," in *Documents and State Papers*, vol. I, no. 8 (November and December 1948), pp. 487-513. See also for newspaper coverage, the *New York Times Index 1948*, pp. 268-269, under the entry "Danube River." The text of the Convention concerning the Régime of Navigation on the Danube, with two annexes and a supplementary protocol, which was signed in Belgrade on August 18, 1948, is published in United Nations Treaty Series, vol. xxxiii, pp. 181-225.

² The complete text of this decision is in Department of State *Bulletin*, June 6, 1948, p. 736. For documentation on the third session of the Council of Foreign Ministers held in New York between November 4 and December 12, 1946, see *Foreign Relations*, 1946, vol. II, pp. 965 ff.

treaty with Austria has not yet been settled, and suggests that the United Kingdom, the Union of Soviet Socialist Republics, France and the United States agree jointly to extend to the end of 1948 the period of time during which the conference would be called.

The Secretary of State would welcome an expression of the views of the Government of the Union of Soviet Socialist Republics on this matter. A similar request is being made of the Governments of the United Kingdom and France³ in order that agreement may be reached among the British, Soviet French and United States Governments before March 15, 1948.

WASHINGTON, February 27, 1948.

³ Neither request printed.

840.811/3-1548

The Ambassador of the Soviet Union (Panyushkin) to the Secretary of State

[Translation]

No. 57

The Embassy of the Union of Soviet Socialist Republics presents its compliments to the Department of State and, in reply to the Department of State's note of February 27 concerning postponement of the convocation of a conference on the Danube, upon instructions from the Soviet Government I have the honor to communicate the following:

The Soviet Government cannot agree to the proposed postponement of the convocation of a conference on the Danube in view of the fact that the settlement of questions of navigation on the Danube is of grave importance to the Danube countries, particularly in connection with forthcoming navigation. As to the consideration expressed in the said note concerning the inexpediency of setting a definite date for calling a conference in view of the fact that the question of the treaty with Austria has not yet been settled, such an argument cannot be recognized as well founded. The decision of the Conference of Foreign Ministers of December 6, 1946 in New York did not provide for the obligatory participation of Austria in the conference, which, according to the first paragraph of the aforementioned decision, must be called within six months from the time the peace treaties with Rumania, Bulgaria and Hungary come into force. Provision was made for the participation of Austria in conferences only after the treaty question has been settled with Austria.

In view of the foregoing, the Soviet Government proposes that a conference be called for drawing up a new convention on a system of navigation on the Danube at the earliest possible date, in any event

not later than April or May of this year in the city of Belgrade.*

WASHINGTON, March 15, 1948.

*The note of March 12, 1948, in reply from the Ambassador of France Henri Bonnet, and the note of March 13, from the Ambassador of the United Kingdom Lord Inverchapel, were both agreeable to the proposal to prolong the time until the end of 1948 for calling a conference on the navigation of the Danube river. Neither commented on the question of a treaty with Austria or about Austrian participation in a conference.

840.811/3-1948

*Memorandum of Conversation, by Mr. Frederick T. Merrill of the
Division of Southern European Affairs*

SECRET

[WASHINGTON,] March 19, 1948.

Participants: Mr. Hickerson, EUR
Mr. Thompson, EUR
Mr. Raynor, EUR
Mr. Barbour, SE
Mr. Stevens, EE
Mr. Vedeler, CE
Mr. Merrill, SE

A meeting was held in Mr. Hickerson's office¹ on March 19, 1948 to discuss the EUR position regarding US attitude toward a conference for a Danube convention as envisaged in the CFM resolution of December 1946. Mr. Barbour² explained that the Soviet Embassy had answered the Department's note suggesting a postponement until the end of 1948 of the deadline for calling a conference with a proposal to call a conference in Belgrade not later than April or May. As a result of a previous meeting with other interested divisions of the Department there had arisen three rather general approaches to the problem. (1) A preliminary exchange of views or a meeting might take place in Washington of diplomatic representatives of the Four Powers to reach an understanding of the agenda and general principles under which a conference would be held. We would reserve our decision to join in calling a conference until such an exchange had occurred; (2) to agree to participate in the conference, while recognizing the futility of holding any advance discussions on agenda and principles; and (3) to insist on further postponement and/or refuse now to participate in the conference on the grounds Austria would not now be a member and the Danube itself was a line of communication of the Red Army.

The British have taken the line they will participate in a conference only if their rights under the old Danube regime are reserved and that

¹ John D. Hickerson, Director of the Office of European Affairs.

² Walworth Barbour, Chief of the Division of Southern European Affairs.

the results of the conference are referred back to the CFM members for final approval. Although it seemed doubtful that the Soviets would agree to the latter, a review by the four CFM powers, for which the Paris Peace Conference³ Procedure had provided a precedent, was an essential safeguard and at least worth trying.

Mr. Hickerson pointed out that both the President and Senator Vandenberg⁴ had in the past expressed a lively interest in the Danube, and although the former had cooled considerably, we would have to check with them before any final decision as to the US attitude can be made.

Mr. Hickerson then summarized what would be EUR's preliminary position: (a) We should first ascertain the British and French views. (b) We would probably have to go to a conference, but we should make further efforts to have Austria participate and also explore the idea of inviting the Germans. (c) The Department should consult the President and Senator Vandenberg when the Department's policy had crystalized. (d) We should propose a reply to the Soviet note, accepting in principle participation in a conference and suggesting a meeting of the four diplomatic representatives to exchange views on arrangements. We should then support the British proposal to have decisions referred back to CFM and attempt to obtain an "understanding" on procedure and principles. (e) July or August seems to us a more appropriate time for the conference. We have no objection to having it held in Belgrade.

³ For documentation on the Paris Peace Conference, July 29–October 15, 1946, see *Foreign Relations*, 1946, volumes III and IV.

⁴ Arthur H. Vandenberg, Senator from Michigan.

840.811/5-848

*Memorandum by the Assistant Chief of the Shipping Division, Office of Transport and Communications (Tuthill)*¹

SECRET

[WASHINGTON,] March 30, 1948.

PROBLEM

Reply to the USSR note of March 15, 1948 (Tab A) in which the "Soviet Government proposes that a conference be called for the drawing up of a new convention on a system of navigation on the Danube within the earliest possible date, in any event not later than April or May of this year in the city of Belgrade".

¹ This memorandum was directed to the Under Secretary of State Robert A. Lovett, the Assistant Secretary of State for Transportation and Communications Garrison Norton, the Assistant Secretary of State for Economic Affairs Willard L. Thorp, and the Director of the Office of European Affairs John D. Hickerson.

BACKGROUND

Molotov² opposed for some time any action by the Council of Foreign Ministers for the holding of a Danube conference and the "free and open navigation" provisions of the Satellite Treaties. (See below.) However, after lengthy negotiations and the return of all Yugoslavian, Hungarian, Bulgarian, and Czechoslovakian barges from the United States controlled portion of the Danube, the Soviet agreed to the Council of Foreign Ministers' resolution of December 6, 1946, "to call within six months of the coming into force of the Peace Treaties of Rumania, Bulgaria, and Hungary, a conference (Tab B) to work out a new convention regarding the regime of navigation of the Danube".

Although recognizing the inadvisability of an immediate conference, the Department believed that the matter should be raised prior to expiration of the six months' period—March 15—in order to maintain the validity of the Council of Foreign Ministers' agreement and to continue United States interest in freedom of navigation on the Danube in particular and the area in general. Accordingly, on February 27, notes were dispatched to the USSR, UK, and France (Tab C) calling attention to the Council of Foreign Ministers' resolution and recommending "since the question of a Treaty with Austria has not yet been settled" that the period for calling the conference be extended until the end of 1948.

The British and French agreed to extend the period but reserved the right to discuss the matter further in case the USSR recommended that the conference be called earlier. The Soviet rejected the United States' view that the failure to settle the Austrian Treaty represented an adequate basis for extending the period and made the above-quoted proposal that a conference be called in April or May in Belgrade.

On March 18, the Department circulated to each of the three governments the notes of the other two³ and stated that its comments on all the notes would follow shortly.

UNITED STATES OBJECTIVES CONCERNING THE DANUBE

A. FREE AND OPEN NAVIGATION

The Satellite Treaties include the following provision:⁴

"Navigation on the Danube shall be free and open for the nationals, vessels of commerce and goods of all states on a footing of equality

² Vyacheslav Mikhailovich Molotov, Minister for Foreign Affairs of the Soviet Union.

³ None printed.

⁴ The provision became part of the peace treaties of February 17, 1947, with Bulgaria as article 34, with Hungary as article 38, and with Rumania as article 36.

in regard to port and navigation charges and conditions for merchant shipping. The foregoing shall not apply to traffic between ports of the same state."

In practice, the Danube is closed except to shipping of the Soviet and its satellites from the Black Sea to Linz in Austria. The riparian states in that area have indicated by public statements and bilateral agreements that they have every intention to ignore the provisions of the Satellite Treaties and to limit control and operation on the Danube to the riparian states. The only part under western control is the short distance from Linz to the German border and that part of the Danube in Germany.⁵

It is the United States' intention to continue to press for "free and open" navigation of the Danube although it is most unlikely that any broad progress along this line can be achieved in the near future or that an early convention for a Danube Commission could be drawn up implementing that principle. This principle must remain however an absolute condition for United States' participation in a conference or on a commission that might be established.

B. USE OF RIVER IN TRADE BETWEEN EASTERN AND WESTERN EUROPE

The United States supports moves and has made specific proposals to the USSR designed to increase traffic on the River between the United States and Soviet-controlled areas. Such traffic would have to be on a strict reciprocal basis allowing as many United States-controlled vessels to operate east of Linz as Soviet-controlled vessels west of Linz. Negotiations of the last two years have been carried on, mostly in Vienna. To date, there has been no success but the United States is always prepared to discuss the matter on a practical basis.

One advantage of a Danube conference would be that a meeting of shipping interests on the Danube might lay the groundwork for reciprocal movements on the River. However, this prospect should not be over-emphasized in terms of the proposed Danube conference because the conference would be called to draw up a convention for a regime of navigation and not to arrange bilateral navigation agreements.

BRITISH AND FRENCH POSITIONS

The British and French both agreed with the United States' suggestion to extend the period for calling the conference until the end of 1948.

The British Government proposes to send a note to the three governments within the next few days providing the following:

1. To agree to participate with the USSR, French and United States Governments to call the Danube conference in April or May in Belgrade.

⁵ The portion of the Danube river within the United States zone of military occupation extended eastward to the city of Linz.

2. To state that the British Government assumes Austria will be allowed to participate because: (a) "the question of a treaty with Austria has been settled by the decision of the Council of Foreign Ministers to pursue the matter"; and (b) draft Austrian treaty includes Danube provision identical with that in the satellite treaties.

3. To state that "in the event of the Danube conference failing to reach agreed recommendations on a new Danube regime" to reserve British rights under existing Danube instruments.

4. To assume that recommendations of the Danube conference will be "communicated to the four governments for acceptance."

The British have been informally advised that while the United States cannot agree to support all the points in the note (especially #4), the United States feels that the dispatch of the note a few days prior to the United States note may be desirable.

The Department has not yet received, despite inquiries, an expression of the prospective French reply to the USSR suggestion.

UNITED STATES POSITION

GENERAL

There is little prospect that any real progress could be made at this time at a Danube conference towards achieving the United States objectives in that area. Assuming participation of the Western Powers and not by Austria, the Soviet would control all issues by a 7 to 3 vote, and undoubtedly would use this position for propaganda purposes. The United States would maintain that a conference designed to establish a convention requires unanimous agreement. While this position would have merit and logic, it would be interpreted by the Soviet propagandists as a veto.

Considering the possibility that the United States would not participate in a Soviet-framed conference, there must be constant attention to the possibility of ultimate publication of all the documents and their use as propaganda. In addition, the United States should handle this problem in such a manner as to leave the door open for negotiations with the Soviet under proper conditions. Even though it appears improbable that the Soviet would in fact accept the United States conditions and even though the United States would prefer not to participate in a Danube conference at this time, all of its notes and exchanges of views with the Soviet should express the desirability of holding a conference at an agreed time and place and under certain stipulated conditions.

SPECIFIC

The U.S. reply to the Soviet should suggest or assume conditions relating to the conference concerning: 1) Austrian participation and 2) explicit recognition of the "free and open navigation" principle. These matters should be discussed either in exchange of notes and/or at a meeting of representatives. The United States should recommend

a meeting of representatives in Washington and, in any event, should not participate in any conference without agreement on these matters. At the meeting of representatives the U.S. would insist that the invitation to Yugoslavia include an assumption that Yugoslavia will furnish adequate facilities for press and radio and absence of censorship on conference reporting.

During the meetings of representatives prior to the conference, the U.S. should insist upon discussion of the above points before considering the British contention that decisions of the conference should be referred back to the four governments for ratification. The British position, which accepts the thesis of dominance by the four big powers, should be supported only in the event that the Soviet position on the U.S. conditions indicates that no substantial progress towards acceptance of U.S. conditions is possible.

Even in the event that the U.S. conditions are met, the U.S. would insist upon an explicit recognition in the invitation or agenda to the effect that recommendation of the conference must be agreed by *all* participating governments, thus, in effect, requiring unanimity.

At the time of negotiations with the Soviet, the U.S. can bring up the question of German participation—if this should seem appropriate.

The U.S. will not insist upon Austrian participation if progress is made upon its other conditions. However, it should keep proposing Austrian participation and be prepared to give way only if real progress is made upon the other conditions. In effect, three conditions would remain if Austrian participation is dropped. These would be (1) recognition of free and open navigation principle, (2) adequate press and radio facilities and [no?] censorship, and (3) agreement that all governments must ratify decisions before they become effective.

SUMMARY

It appears unlikely that the Soviet will accept the U.S. conditions. If the Soviet does not accept, it presumably will call its own conference anyway. In such case the United States would not participate but would publicize the entire matter and would stress that the Soviet-sponsored conference was not that which [was] envisaged in the resolution of the Council of Foreign Ministers.

If the Soviet should agree to the United States' conditions, the United States should be prepared to participate despite its probable inability to achieve its objectives. At such a conference the U.S. would have the disadvantage of a minority position and an impotency in achieving its objectives. However, it would be in a position to publicize its policies on the river and for the area and thus to demonstrate its continued interest in Balkan developments. If and when the concept of free and open navigation is either rejected by the Soviet or ignored by the conference or later by the Danube Commission, the United States would disassociate itself from the group or organization.

CONCLUSIONS

1. That a note be dispatched to the Soviet, U.K. and French Embassies, supporting a conference, in principle, and at the same time making assumptions or conditions which, in effect, would have to be substantially met before the U.S. would participate. The conditions need not be such as to preclude Soviet acceptance although acceptance would be unlikely as implementation of the conditions could serve as the basis for breaking complete Soviet control of the river.
 2. That prior to dispatching of the notes, the matter be discussed further in Washington with the French and British.
 3. That the U.S. note be shown to Senator Vandenberg prior to being dispatched.
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840.811/3-1548

*The Acting Secretary of State to the Ambassador of the Soviet Union
(Panyushkin)*

The Acting Secretary of State presents his compliments to His Excellency, the Ambassador of the Union of Soviet Socialist Republics and has the honor to refer to the Embassy's note no. 57 dated March 15, 1948 in answer to the Department's note of February 27, 1948 which stated that although the Government of the United States favors the calling of a conference to work out a new convention regarding the regime of navigation of the Danube at the earliest practicable time, it believed it inadvisable to set a definite date at this time and therefore suggested that the Four Powers agree jointly to extend to the end of 1948 the period of time during which the conference would be called.

The United States Government is of the opinion that because of Austria's recognized position as an important riparian state, its participation in the conference would be highly advantageous. The Embassy of the Union of Soviet Socialist Republics has stated in its note under reference that the decision of the Council of Foreign Ministers of December 6, 1946 did not envisage the obligatory participation of Austria in a conference. Nevertheless, the United States believes the Union of Soviet Socialist Republics shares the United States view that Austria's participation in such a conference is desirable and therefore is confident that the Union of Soviet Socialist Republics will agree that the Austrian Government should be invited to send representatives to the conference in a capacity to be determined at the time of the joint issuance of invitations.

The United States has noted that the Soviet Government is desirous of holding a conference in Belgrade at an early date. The United States Government is agreeable to the holding of such a conference as soon as possible after the Four Powers have agreed to the necessary arrangements.

In view of its position that discussion of the regime of navigation for the Danube should commence at an early date, it is assumed that the Soviet Government is prepared to discuss practical arrangements to give effect, in the stretches of the river system under Soviet occupation or being used as a Soviet line of communication, to the principle that navigation shall be free and open to nations, vessels of commerce, and goods of all states on a footing of equality, which principle has been incorporated in the Treaties of Peace with Bulgaria, Rumania and Hungary. The United States for its part would be prepared to discuss such arrangements for that portion of the Danube now within its zones of military occupation.

It is the view of the United States that arrangements for, and the work of, a conference could be facilitated by an exchange of views in Washington by the representatives of the four governments. These representatives could consider conference arrangements and preliminary proposals concerning the work of the conference, including the preparation of a joint invitation to the Yugoslav Government to act as host and the joint issuance of invitations to the participating countries.

Copies of this note are being sent to the British and French Ambassadors in Washington.¹

WASHINGTON, April 12, 1948.

¹ The British Ambassador on April 23, 1948, sent a copy of a note addressed by his government on the same day to the Embassy of the Soviet Union in London. In this note the British government stated that it was prepared to join in calling a postponed Danube conference as soon as practicable, and found the choice of Belgrade acceptable as a meeting place. It believed that an invitation should be given to Austria to attend the conference. It supported the suggestion of the United States for an exchange of views in Washington by the representatives of the four governments. The British government further held the opinion that the recommendations of the conference should be communicated to the four governments for their acceptance; but, should the Danube conference fail to reach agreed recommendations on a new régime for the river, then the British government reserved its rights under the existing Danube instruments. (840.811/4-2348)

840.811/4-2848 : Airgram

The Secretary of State to the Legation in Romania

SECRET

WASHINGTON, April 28, 1948.

A-121. Ref is to report No. 100 from Amlegation, Bucharest dated 13 February 1948, Subject: Implementation of the Rumanian Peace Treaty through January 31, 1948, and Article 36—"The Danube" of that report and circular airgrams March 5, March 31 and April 19 on the calling of a conference "to workout a new regime on the Danube".¹

¹ None printed.

Dept notes the reference in the above report to a licensing system for operation on the Danube and your comments that it is improbable that a license would be issued to any applicant other than the government monopoly. Also that it is doubtful that river vessels owned by other countries would be able to obtain port, landing or other facilities in Rumania.

The Department is interested in testing the licensing system and if possible the availability of facilities to other companies and countries. It requests the Legation's opinion on whether an application for a license might be a useful way of testing this article of the Peace Treaty and if so whether the Legation has knowledge of a company (Rumanian or non-Rumanian) which could be encouraged to make an application in Bucharest.

The Department would also be interested in receiving any other suggestions of methods of testing the Danube provisions of the Treaty.

The Department has been informed by a classified US Source that the following represents available information on Danube shipping companies in Rumania. Dept desires verification, correction and/or further information to enable us to have latest picture on these companies in preparation for possible Danube conference.

1. In May 1947 Soviets discussed with French Danube Navigation Company (SFND) the possibility of purchasing or chartering 29 vessels in Rumania belonging to SFND but we have no information on outcome of talks. In September 1947 it was reported that six tug boats were under construction at Galati for SFND.

2. Of the pre-war Greek fleet on the Danube, some were bought by Rumania for delivery as reparations to USSR, some were chartered by Sovromtransport, some are still in the US Zone of Germany, but there are others operating independently in Rumanian waters.

3. Sixteen British vessels which were returned by the Soviets for repair by Rumanians under the armistice terms. Rumanians are delaying repair work unnecessarily so as to delay return to British.

4. A few British vessels now in condition to be used have been refused fuel oil by the Rumanians and are idle.

5. In the summer of 1947 it was reported that the Soviets were negotiating with a Dutch Navigation Company for the purchase of seven elevators and one tank barge in Rumania.

MARSHALL

840.811/5-848

The Embassy of the Soviet Union to the Department of State

[Translation]

No. 93

In reply to the note of the Department of State dated April 12 in regard to the holding of a conference in order to draft a new conven-

tion on the regime of navigation on the Danube, the Embassy of the U.S.S.R., upon instructions from the Soviet Government, has the honor to communicate the following:

The Soviet Government is of the opinion that the holding of the aforementioned conference, provided for in the Declaration of the Council of Foreign Ministers of December 12, 1946,¹ cannot be postponed any longer and that it is necessary to establish at once the date of such a conference. In view of the fact that the Government of the U.S.A. also approves the holding of this conference at the earliest possible moment, the Soviet Government proposes that the date of the conference be set for May 30 of this year in the city of Belgrade.

In as much as the program of the conference and the participation therein are clearly determined in paragraph 1 of the aforementioned Declaration of the four Ministers of December 12, 1946, the Soviet Government does not see any necessity for preliminary negotiations in this connection, particularly in view of the fact that such preliminary negotiations would only delay the conference and therefore would decidedly prejudice the cause of speedy regularization of navigation on the Danube and of keeping the Danube itself in navigable condition. Moreover, preliminary negotiations between the four governments on questions to be taken up by the conference may be justly construed by its other participants as impairing their legal right to discuss, on an equal basis, the questions connected with this conference. All questions relating to the drafting of a new convention on the regime of navigation on the Danube as well as questions regarding the work of the conference itself can and must, in accordance with the declaration of the four Ministers of December 12, 1946 and the treaties of peace with Bulgaria, Rumania and Hungary, be a matter of discussion in the conference itself.

As regards the matter of inviting Austria, the Soviet Government does not see any ground for changing its position as stated in the note of the Embassy of March 15, in as much as the treaty with Austria has not yet been signed.

In order that the conference may be held, the Soviet Government proposes to the Government of the U.S.A., as well as to the Governments of Great Britain and France, that the enclosed text of the joint communication of the four governments be sent to Yugoslavia. According to the information of the Soviet Government, the Government of Yugoslavia agrees to make it possible for a Danube conference to be held in the city of Belgrade and will be in a position to give the necessary cooperation in the realization of such a conference.

¹This Four Power declaration provided that a conference should be called within six months of the coming into force of the Balkan treaties. These treaties became effective on September 15, 1947, so accordingly the call should be issued by March 15, 1948. See Department of State *Bulletin*, June 6, 1948, p. 735, and June 20, 1948, p. 793.

The Soviet Government will be grateful to the Government of the U.S.A. for the earliest possible notification to the effect that it agrees to transmit the enclosed text of the joint communication to the Government of Yugoslavia, in order to assure the holding of the Danube conference on the above-mentioned date.

WASHINGTON, May 8, 1948.

[Enclosure]

Text of the Joint Communication of the Four Governments to the Government of Yugoslavia

The Governments of the Union of Soviet Socialist Republics, the United Kingdom, the United States of America and the French Republic, which signed the declaration of December 12, 1946, concerning the convocation of a conference to draft a new convention on the regime of navigation on the Danube, have agreed to call such a conference for May 30, 1948, the city of Belgrade having been selected as the site of the conference.

The four governments request the Government of the Federal People's Republic of Yugoslavia, in case it agrees to the contemplated time and place of meeting of the conference, to be good enough to transmit to the states listed in the said declaration—namely, the Union of S.S.R., the Ukrainian S.S.R., Rumania, Bulgaria, Czechoslovakia, Hungary, the U.S.A., the United Kingdom and France—an invitation to send their delegations to the conference on the aforesaid date. Such invitation should be issued on behalf of Yugoslavia and of the four powers which signed this joint communication.

840.811/5-1448: Telegram

The Minister in Romania (Schoenfeld) to the Secretary of State

SECRET

BUCHAREST, May 14, 1948—3 p. m.

538. Inquiry among my British, French and Swiss (representing Greece) colleagues regarding Danube shipping (regarding Department's airgram A-121, April 28) reveals continued lack freedom Rumanian sector Danube for other than Soviet and Soviet Rumanian operated vessels. Neither British, French, Greek nor independent Rumanian companies have found it possible to operate, but apparently no direct refusal of permit has been given. Instead, all sorts of administrative difficulties have been arranged, including refusal of fuel, repair, port and loading facilities, troubles with labor unions, intimidation, and all the other general economic and financial difficulties experienced by all forms of business, except Soviet, in Rumania.

British recently reported fully to Foreign Office repeated Washington regarding their continued unsuccessful efforts move British flag vessels on Danube. In order make a test case they recently applied in name of British company to Rumanian authorities for permission to move self-propelled barge *Scotland* with cargo from Braila to US Zone Germany. No reply yet received and none expected until after Danube conference. Believe this test only one feasible at present, as no independent Rumanian company likely be willing attempt test for fear reprisals. British say they leased several barges to Rumanian company last year; Rumanian company applied for license, which was granted, but company officials privately informed by Rumanian authorities that any attempt to move barges would be followed by arrests.

Following is comment on Department's information regarding Danube shipping:

1. French unwilling sell vessels as their prime interest is in keeping French flag flying on Danube.
2. Substantially correct, except that Greek ships bought by Rumanian Government were never paid for, and efforts obtain payment unsuccessful. Swiss have presented on behalf of Greeks claim under treaty for return, repair, and compensation for loss of Greek vessels taken over during war, but Rumanian Government has taken no action so far. No Greek vessels operating independently, only under charter to Soviet Rumanian transport.
3. Correct except that vessels number 14.
4. Incorrect. Only vessels operable were leased to Rumanian company mentioned above which dares not operate them.
5. Nothing came of negotiations.

British have Ministry Transport representative here and French SFND (French Danube Navigation Company) man (temporarily absent) both of whom cognizant all details Danube shipping problem Rumania. It is probable these individuals will be called by their governments to Danube conference when it takes place.

SCHOENFELD

840.811/5-848

Memorandum by the Assistant Secretary of State for Transportation and Communications (Norton) to the Under Secretary of State (Lovett)

[WASHINGTON,] May 19, 1948.

Subject: Preparation of a reply to the USSR note of May 8 in which the USSR proposed that the four powers invite Yugoslavia to be host to the Conference in Belgrade on May 30.*

*The British Embassy has reported that its Ambassador in Belgrade discussed informally this prospect with the Political Director of the Yugoslav Foreign Office who said that it would be impossible to arrange facilities in May and most difficult for any time in June. The Yugoslavs apparently were "informed" at about the same time the USSR note was sent to us. [Footnote in the source text.]

A. *United States Objectives re Danube Conference.*

(1) Overall objective in emphasizing the continuing interest of the United States in developments in the Balkans and the intention of the United States to continue to participate in that area whenever a legitimate opportunity arises.

(2) Free and open navigation on the River for vessels of all nations. (This is not an end in itself but a means of opening up the area for trade with the West.)

(3) Obtaining a reciprocal agreement which could allow the use of the River for East-West trade.

In addition to these objectives, there is an additional consideration of some current importance as the result of the Molotov-Stalin¹ propaganda of the last ten days. If it is believed that pressure is developing in the United States for some evidence that the United States is willing to negotiate on specific problems with the USSR, the Danube Conference might be considered as useful. This would offer an opportunity to participate in a Conference behind the "Iron Curtain" under conditions in which the USSR would have to make concessions if the Conference were to be successful. As noted below, there are propaganda problems in terms of the western minority position in such a Conference.

B. *Prospects at the Conference.*

(1) *Matters of substance.* In the absence of an almost complete reversal in USSR policy, there is no prospect of any important substantive gains from the Conference. The only possible exception would be that a basis might be formed for reciprocal agreement on use of the River. The stated objective of the Conference would be to establish a convention for a new regime. The Convention which would be prepared by such a Conference would be either (a) of the type we could not accept or (b) drafted in such vague terms as to be meaningless.

(2) *Propaganda.* To date there has been no publicity on conference prospects with the exception of an inaccurate Reuters despatch indicating agreement by the four powers to hold the Conference in May. As far as we know, Moscow propaganda has not mentioned the Conference. Undoubtedly, however, Soviet propaganda will start its barrage at such time as it feels it has an advantage. In view of the unlikely prospect of any substantive progress at the Conference, the determination of whether the United States should push for participation should be settled largely on the basis of an evaluation of propaganda prospects.

¹ Iosif Vissarionovich Stalin, Chairman of the Council of Ministers of the Soviet Union.

If we continue to take an active part in pushing for the Conference with US participation, we would be demonstrating in a practical manner our desire to continue to negotiate. More fundamental, however, would be the propaganda results in terms of the overall US objective in demonstrating continuing interest in the area. In this respect, we would have the advantage of being behind the "Iron Curtain" and presumably using to the full our presence there and our broad non-imperialist objectives for propaganda purposes. We would have the disadvantage, however, of being in a minority position which would demonstrate our impotence to do anything practical in the area. In addition, we would probably have to disapprove of the results of the Conference and, therefore, lay ourselves open to the charge of a veto on the results of a meeting of the Balkan States.

If we take an obstructionist position at this time, the propaganda initiative will be turned over to the Soviet and will undoubtedly be used to the utmost. We will be charged with failing to implement a prior agreement and attempting to obstruct the peaceful development by the riparian states of a waterway essential to their prosperity. Our arguments for breaking off will only sound persuasive to those already convinced of the uselessness of further negotiations with the Soviet.

C. Developments to Date†

(1) *1946 through the U.S. note of April 12, 1948.* In December 1946, Molotov accepted the proposal for a Danube Conference and for the insertion of the free and open navigation clauses in the Satellite Treaties in a deal with Mr. Byrnes² which resulted in the United States releasing barges of the Yugoslavs, Hungarians, and others that had been held in the United States zone in Austria.

The period for calling the Conference as provided in the CFM resolution was due to end on March 15, 1948. The United States opened the matter in its first note of February 27, 1948 in order to avoid letting the commitment to call a Conference pass by default. The United States suggested that the period for calling the Conference be extended to the end of 1948. The French and British were consulted before the note was despatched and rather reluctantly agreed that such a move was desirable.

On March 15, the Soviet replied that they could not agree to a postponement until the end of the year and suggested that the Conference be held in April or May in Belgrade.

†There is attached a copy of the memorandum of 3/30/48 on this subject and copies of notes exchanged between February and May 8 of this year between the four governments. [Footnote in the source text. Copies of the documents referred to are not attached to the file copy of this memorandum.]

² James F. Byrnes, Secretary of State, 1945-1947.

On April 12, the United States replied stating that it agreed to the holding of the Conference "as soon as possible after the four powers agreed to the necessary arrangements". It urged agreement on (1) Austrian participation in some form; and (2) Recognition of the relevance of the free and open navigation provision of the Satellite Treaties with special reference to military occupation and military lines of communication. In addition, the United States suggested an "exchange of views" in Washington in order to make arrangements for the Conference.

(2) *USSR Position re their note of May 8.* In its note of May 8 recommending agreement on a Conference for May 30, the USSR has met fully only one US "condition" i.e., that the Conference be arranged by the big four in accordance with the CFM resolution. It has been vague in reply to another condition, i.e., recognition of the "free and open navigation" principle. (In the note of May 8—the USSR refers to the Satellite Peace Treaties where this principle is stated but does not spell out the principle itself.)

The USSR did not comment on the United States "assumption" that military occupation and military lines of communications would not interfere with implementation of the free and open navigation principle.

The USSR has refused to agree to Austrian participation. However, this was never a full "condition" in as much as the CFM resolution does not provide for Austrian participation until the peace treaty has been "settled".

The USSR refused the United States suggestion for an "exchange of views" on making arrangements for the Conference as unnecessary and time wasting. This, however, was not a "condition". The United States could agree to try to work out arrangements by diplomatic exchanges which in its view would be more, rather than less, time consuming.

On balance, therefore, the USSR is complying strictly to the CFM resolution and is in a good position, propagandawise, if the United States becomes obstructionist at this stage.

(3) *French and British Positions.* Before a reply is made to the Soviet note of May 8, there must be full agreement with the French and British as to the next steps and closest collaboration in preparing for all contingencies.

(a) *British Position.* The British have proposed for our consideration a note to the USSR pointing out that the U.K. will not be willing to participate in a conference until the four powers have agreed that the decisions of the conference be referred back to the Big Four for approval. The British also argue that, in the absence of establishing

an agreed new convention, their prewar legal rights would still be valid. The British would also continue to argue for full Austrian participation.

(b) *French Position.* There have been informal indications that the French are considering a reply covering the following points:

(i) Results of the conference should be referred back to the Big Four;

(ii) Austria should participate;

(iii) There should be more explicit recognition of free and open navigation;

(iv) It is premature to set a date for the Conference;

(v) It is premature to discuss freedom of entry and adequate facilities for correspondents, etc.

(4) *United States Position.* (a) *Conditions that would be insisted upon.* If the United States should take a positive position for supporting the early calling of the Conference, it would insist upon:

(i) Entry and facilities for representatives of the press and radio, and absence of censorship on conference reporting. Also request short-range broadcasting facilities, although this undoubtedly would be refused.

(ii) It would also insist upon prior agreement by the USSR and Yugoslavia for the entry of US courier planes flying between Frankfurt, Belgrade via Vienna with agreement that a minimum of three flights per week during the course of the conference would be allowed.

An additional possible move by the United States of some propaganda value would be to request agreement from the Soviet and all other interested countries for passage of the United States Delegation by vessel from the United States Zone in Germany to Belgrade. Such passage has been impossible to date.

(b) *Status of other "Conditions".*

(i) *Austria.* The United States has advocated Austrian participation primarily for propaganda purposes. The United States could continue to urge this point. In substance, however, it seems very doubtful if it would, in fact, be desirable for Austria to be represented as a full participant. Their presence would still leave the West in a minority position and might well embarrass Austria. In addition, their absence would give the United States additional propaganda material in arguing that the results of the Conference would not be binding on the Austrian and German portion of the River. Accordingly, it is recommended that the United States not insist upon full Austrian participation, although we might argue for representatives to be available in a consultative capacity or as observers.

(ii) *Free and Open Navigation.* We might once more argue for free and open navigation. However, if we used this as a point for breaking off, the Soviet would deny that it ever refused to accept the principle. It would point to its reference in its note of May 8 to the Satellite Treaties and argue, fairly effectively, that this constituted implicit recognition and, in any event, that, in the absence of a dis-

avowal of the principle by the Soviets, the United States had no basis for arguing that the Soviet had refused the principle. Accordingly, it is suggested that this condition should be fully aired in our propaganda but that its more explicit recognition by the Soviet should not be used as an absolute condition in terms of forming the United States Position.

D. Summary

The position for participating and taking the initiative in publicity rests essentially upon an analysis of propaganda prospects. The position for participation depends upon: (1) the view that there is real need for a gesture in terms of continuing to negotiate; (2) propaganda advantage in participating; and (3) propaganda disadvantages in holding back at this late date. If there is no substance to point (1) and if the evaluation of the propaganda position does not favor participation, the case for participation collapses and the recommendation should be for a reversal aimed at avoiding participation.

E. Recommendation:

In as much as I am of the view that (1) we would be in an unfortunate position if we are faced with a new Moscow propaganda blast to the effect that we are not only refusing to negotiate but failing to live up to a prior agreement to do so; and (2) that we have a good propaganda case if we take the initiative, I recommend that the United States advise the French and British immediately that it wishes to take a positive position on the Conference and that before taking definite action, it wishes to be sure that the French and British will be willing to support the position to participate and to collaborate closely on matters of substance and on matters of propaganda. I am attaching a copy of rough draft of the type of reply that might be submitted to the Soviet if this position should be accepted.³

In the event that the decision is made that the United States should avoid participation at this time the following points should be made in reply to the Soviet. In the first place, refusal of the Soviet to agree to a pre-conference exchange of views (as has been arranged upon Soviet insistence prior to other conferences for example, the World Telecommunications Conference) will result in delaying rather than expediting reaching agreed arrangements for the Conference. In addition we should state our continued view that Austria should participate at least in a consultative capacity and, also, insist upon a more explicit recognition of the principle of free and open navigation as an agreed principle which would be implemented by the Conference rather than a subject for discussion at the Conference. I am attaching a copy of a rough draft of the type of note that might be used if this position should be taken.³

³ Not printed.

840.811/5-848

*The Secretary of State to the Ambassador of the Soviet Union
(Panyushkin)*

The Secretary of State presents his compliments to His Excellency the Ambassador of the Union of Soviet Socialist Republics and refers to the previous exchange of notes for the purpose of arranging agreement regarding the holding of a conference on a new regime of navigation on the Danube and the note of the Union of Soviet Socialist Republics dated May 8, 1948.

The Government of the United States regrets that the Union of Soviet Socialist Republics does not agree to a preliminary meeting to exchange views concerning arrangements for the proposed conference. The United States Government believes that such an exchange would have expedited arrangements for, and facilitated the convocation of the conference, on terms acceptable to the Union of Soviet Socialist Republics, the United Kingdom, France, and the United States.

It is the opinion of the United States Government that, as matters now stand, the date of May 30, 1948 could not possibly allow sufficient time to make arrangements suitable to the participating governments. Accordingly, the United States Government proposes that the Conference be held in Belgrade on July 30, 1948 assuming that this is agreeable to the other governments concerned and in light of the assurance of the Government of the Union of Soviet Socialist Republics of information that the Yugoslav Government will be able to act as host in accordance with an invitation as agreed to by the Union of Soviet Socialist Republics, the United Kingdom, France and the United States. There is enclosed a copy of a proposed note to the Yugoslav Government which contains certain suggested modifications and additions to the invitation proposed by the Union of Soviet Socialist Republics in the Ambassador's note of May 8, 1948.

The United States Government deeply regrets the Government of the Union of Soviet Socialist Republics' position that it cannot agree to the participation of Austria at the Conference as urged by the United States Government. It is the continued view of the United States Government that the central geographic position occupied by Austria and its important role in the trade and commerce on the Danube River warrant its inclusion in the Conference along with the other riparian states. Accordingly, the United States Government would appreciate a reconsideration by the Government of the Union of Soviet Socialist Republics of its position. If the Government of the Union of Soviet Socialist Republics still cannot agree to full participation on the part of the Austrian Government, the United States Government requests that it agree to Austrian attendance at the very

least in the same capacity in which Austria now attends the Economic Commission for Europe; namely, by sending representatives in a consultative capacity.

The United States Government would be grateful to the Government of the Union of Soviet Socialist Republics for the earliest possible notification to the effect that it agrees to transmitting simultaneously the enclosed text of an identical communication by the four governments to the Government of Yugoslavia in order to assure the holding of the Danube Conference on July 30, 1948.

A similar communication is being sent to the governments of the United Kingdom¹ and France.

WASHINGTON, May 25, 1948.

[Enclosure]

Proposed Text of an Identical Communication of the Four Governments to the Government of Yugoslavia

At the Council of Foreign Ministers meeting in December 1946, the Governments of the United Kingdom, the French Republic, the Union of Soviet Socialist Republics and the United States of America agreed to the incorporation of the principle of free and open navigation on the Danube in the treaties with Bulgaria, Hungary and Rumania, and further agreed to the calling of a conference to work out a new convention for a regime of navigation of the Danube.

The four governments have now decided to convene the conference on July 30, 1948, and request the cooperation of the Yugoslav Government in holding the conference in Belgrade. In the event that the Yugoslav Government is agreeable to the proposed time and place, its agreement is requested in the interest of adequate communication to issue authorization for aircraft of the participating countries, as deemed necessary by each participating country, to fly to and from Belgrade to transport persons attending the conference and to perform courier services during the course of the conference, subject to normal Yugoslav regulations and controls regarding the operation of aircraft. In addition, it is assumed that the Yugoslav Government is prepared to assure adequate facilities for representatives of the press and radio of the participating countries who might wish to report

¹ The British Government sent a note on June 10 for the Soviet Union and gave a copy of it on the next day to the Department of State. The proposals advanced in the United States note of May 25 were fully supported, but the note also plainly declared that if a future conference failed to reach agreed recommendations on a new régime of navigation for the Danube river, then all British rights under existing treaties were reserved, and any new convention made at a conference could not enter into effect unless it had been accepted by all of the countries concerned. (840.811/6-1148)

conference developments, which facilities would include freedom from censorship on conference reporting.

If the Yugoslav Government is in agreement with the above, it is suggested that it be good enough to signify its concurrence with this communication and to issue invitations in the following form to the enumerated governments:

"The Government of the Peoples Federated Republic of Yugoslavia has the honor on its own behalf and on behalf of the Governments of France, the United Kingdom, the Union of Soviet Socialist Republics, and the United States to invite the Governments of Austria, Bulgaria, Czechoslovakia, Hungary, Rumania, and the Ukrainian Soviet Socialist Republic to send representatives [or Bulgaria, Czechoslovakia, Hungary, Rumania and the Ukrainian Soviet Socialist Republic to send representatives and to the Government of Austria to send representatives to act in a consultative capacity] ² to Belgrade, Yugoslavia, to participate in a conference beginning July 30, 1948 to work out a new convention regarding the regime of navigation of the Danube in accordance with the agreements made by the above four Governments at the December 1946 meeting of the Council of Foreign Ministers."

² Brackets appear in the source text.

840.811/6-1248

The Embassy of the Soviet Union to the Secretary of State

[Translation]

No. 109

The Embassy of the Union of Soviet Socialist Republics presents its compliments to His Excellency the Secretary of State and, in reply to his note of May 25 of this year regarding the convocation of a conference for drafting a new convention on the regime of navigation of the Danube, has the honor, on instructions from the Soviet Government, to communicate the following:

Noting that in view of the present situation the previously proposed date for calling the conference could not be adhered to, the Soviet Government is ready to agree to the proposal of the Government of the U.S.A. to call the conference on July 30 of this year. However, in as much as it has become known to the Soviet Government that the Government of Yugoslavia has stated that it would have difficulty in providing the necessary facilities for holding the conference in Belgrade on the date contemplated, the Soviet Government suggests that the conference be held in the capital of one of the other Danubian states that will participate in the conference with a deciding vote.

The Soviet Government has already taken occasion to state its position regarding the participation of Austria in a conference for working out a convention regarding the regime of navigation of the Danube.

This position is based on the decision of the Council of Foreign Ministers of December 12, 1946. However, the Soviet Government agrees to Austria's being invited to send two representatives to the conference in a consultative capacity.

The Soviet Government also agrees to the drafting of a communication of the four governments to the Government of the country calling the conference, as proposed in the note of the Government of the United States of America, and to the formula of inviting the participants of the conference in the name of the said Government and of the Governments of France, the United Kingdom, the U.S.S.R., and the United States.

Corresponding notes are being sent simultaneously to the governments of Great Britain and France.

WASHINGTON, June 12, 1948.

840.811/6-1648 : Telegram

The Chargé in Yugoslavia (Reams) to the Secretary of State

SECRET US URGENT

BELGRADE, June 16, 1948—7 p. m.

733. Today at 4:30 Foreign Office called and asked me to come and see Simich¹ at 5:30. Simich read to me a personal statement which he had written out in hand. My notes on this statement are: "The information given on the part of Soviet Government in its note to your government re technical difficulties for organizing Danubian conference on July 30 in Belgrade was based on my personal opinions and my government does not share them. Consequently my government asks that you inform US Government that all measures are taken without any obstacles whatsoever to make certain Danubian conference is held on July 30 in Belgrade."

It seems an odd note that at luncheon June 14 Simich informed me all arrangements had been made for holding conference in Belgrade including the setting aside of suitable space in air conditioned school. His statement to me that day hardly seems compatible with the statement given to me this afternoon. For the moment I am unable to add any conjecture as to the actual course of events on this matter.²

¹ Stanoje Simich, Foreign Minister of Yugoslavia.

² Two days later in telegram 746, the Chargé in Yugoslavia, R. Borden Reams, felt that the Yugoslav response constituted the first direct and irrevocable challenge that any satellite country had made to the supreme authority of the Communist leaders in the Kremlin. He believed that the possible breach between the Communists in Yugoslavia and the Soviet Union was the first time that the Soviet Union had been faced with a Communist government on the outside which was willing to risk an independent or even contrary course of action. (The full text of this telegram is printed p. 1073). For documentation on the interest of the United States in the dispute between Yugoslavia and the Cominform (Communist Information Bureau), see pp. 1054 ff.

The British Ambassador³ was also called in this afternoon and presumably will receive the same information.

Sent Department 733; repeated Rome for Cannon 119. Department pass Moscow 141.

REAMS

³ Sir Charles Brinsley Pemberton Peake.

840.811/6-1248

*The Secretary of State to the Ambassador of the Soviet Union
(Panyushkin)*

The Secretary of State presents his compliments to His Excellency the Ambassador of the Union of Soviet Socialist Republics and has the honor to acknowledge the receipt of the Ambassador's note of June 12, 1948 concerning the convocation of a conference to work out a new convention regarding the regime of navigation of the Danube.

It is noted that the Ambassador states that the Government of the Union of Soviet Socialist Republics has been informed by the Yugoslav Government that it would be difficult to make satisfactory arrangements for such a conference in Belgrade by July 30, 1948 as proposed and suggests instead that the conference be held in the capital of one of the other Danubian States participating in the conference on a voting basis. However, since the receipt of the Ambassador's note under acknowledgement the Yugoslav Government has informed the United States Government that all necessary measures have been taken to insure that the conference is held in Belgrade on July 30.

While the United States Government has no objection to holding the conference in Bucharest, Budapest, Prague or Sofia, it was, and still is, equally pleased to accede to the original proposal of the Union of Soviet Socialist Republics that the conference take place in Belgrade and, in the circumstances, will appreciate the further comments of the Government of the Union of Soviet Socialist Republics in the light of this apparent misunderstanding.¹

The Secretary of State is transmitting copies of this communication to the Governments of the United Kingdom and France.²

WASHINGTON, June 18, 1948.

¹ Note No. 114 dated June 18 came from the Embassy of the Soviet Union on June 19, 1948, and indicated that the technical difficulties standing in the way of holding the conference in Belgrade on July 30 had been the personal opinion of Foreign Minister Simich, which the Yugoslav government had not shared. Because now all the necessary measures had been taken in preparation for the conference and no obstacles remained, "the Soviet Government considers as re-established the agreement previously reached in regard to the calling of the Conference in Belgrade on July 30 of this year." (840.811/6-1848)

² These copies were sent on June 19 to the British and French Embassies in Washington.

840.811/6-1948 : Telegram

The Secretary of State to the Embassy in Yugoslavia

SECRET

WASHINGTON, June 19, 1948—3 p. m.

313. Immediately following telegram¹ contains text of Dept's communication delivered Sov Amb Wash evening June 18. Pls deliver copy to Simich in reply his representations reported urtel 733 Jun 16. In so doing you should emphasize US Govt pleased accede suggestion conference be held Belgrade.²

Subsequently Dept in receipt further note Sovs supplementing note Jun 12 summarizing information given you by Simich and stating that in view objections Yugo Govt thus withdrawn Sov Govt considers earlier agreement for convocation conference Belgrade July 30 re-established.

Dept consulting Brit and Fr and will instruct you further as soon as possible in regard submission to Yugos of invitation to hold conference.

Sent Belgrade, rptd London, Paris, Moscow, Sofia, Bucharest, Budapest, Prague, Vienna.

MARSHALL

¹ Not printed.

² Telegram 998 from Budapest on June 18, 10 p. m., had recommended the suitability of that city as a meeting place for the conference. The Legation hoped that the following factors would also be considered: "Political condition here now wavering between *status quo* and complete communization of Hungary. Feel that publicity which would focus on Hungary in event Budapest selected for conference might tip scales favor *status quo* or at least delay further leftist trend. For example, conference might be used as lever to reintroduce western journalists to Hungary. Department aware that opposition still freer in Hungary than other curtain countries (except Finland). It is badly in need of any moral support we can properly lend." (840.811/6-1848)

840.811/6-2048

The Embassy of the Soviet Union to the Department of State

[Translation]

No. 115

In view of the exchange of notes on the question of calling a conference for working out a convention regarding the regime of navigation of the Danube, which took place between the governments of the U.S.S.R., the U.S.A., the United Kingdom, and France, as a result of which an agreement has been reached concerning the calling of a conference in Belgrade for July 30 of this year, the Embassy of the Union of Soviet Socialist Republics, upon instructions from the Soviet Government, has the honor to request the Department of State to communicate whether it agrees to give the appropriate instructions to its Ambassador at Belgrade to deliver on June 25 to the Minister of

Foreign Affairs of Yugoslavia an identical declaration by the four Governments to the Government of Yugoslavia, the text of which had been proposed by the Department of State in notes to the Government of the U.S.S.R., the United Kingdom, and France dated May 25 of this year.

It is also borne in mind that, in the text of the declaration by the four Governments to the Government of Yugoslavia, it will be stated that Austria is invited to send its representatives to the conference in a consultative capacity.

For its part, the Soviet Government is willing to give such instructions to the Soviet Ambassador at Belgrade.¹

WASHINGTON, June 20, 1948.

¹ Anatol Iosifovich Lavrentyev.

840.811/6-2448: Telegram

The Ambassador in France (Caffery) to the Secretary of State

CONFIDENTIAL

PARIS, June 24, 1948—5 p. m.

3345. Foreign Office official on being furnished by Embassy with text of our reply to Soviet note of June 12 on Danube Conference, remarked that Soviet note of June 12 addressed to French also contained statement that "Soviet Government considers it necessary to declare that it cannot accept reservations made by French Government in its note of June 4."

In their note of June 4 the French had stated "finally Ministry of Foreign Affairs wishes to point out again to Embassy of USSR that French Government, while agreeing to measures which will result from exchange of notes between four powers and which shall determine Belgrade Conference, intends to retain all its rights under agreement defining Danube regime up to present, should drafting of new convention not meet with unanimous approval of interested powers."

Foreign Office official observed that on various occasions in past, State Department had given French Embassy in Washington assurances that US, though not a party to previous Danube convention,¹ would nevertheless support French reservation of rights under those conventions should Belgrade Conference fail.

Sent Department 3345; repeated Geneva 88 for McClure.²

CAFFERY

¹ Convention Instituting the Definitive Statute of the Danube, signed at Paris on July 23, 1921; for text, see League of Nations Treaty Series, vol. xxvi, pp. 175-199, or Department of State, *Documents and State Papers*, vol. i, no. 4 (July 1948), pp. 263-268.

² Russell S. McClure, Attaché at the American Consulate at Geneva.

840.811/6-2048

*The Secretary of State to the Ambassador of the Soviet Union
(Panyushkin)*

The Secretary of State presents his compliments to His Excellency the Ambassador of the Union Soviet Socialist Republics and has the honor to refer to the Embassy's note No. 115 of June 20, 1948 in which it was requested that the Department of State issue appropriate instructions to its Ambassador in Belgrade¹ to join in the delivery on June 25 of an identical invitation on behalf of the Governments of the Union of Soviet Socialist Republics, United Kingdom and France to the Government of Yugoslavia to act as host for a convention for a regime of navigation of the Danube.

The Department of State is today instructing its Ambassador in Belgrade to deliver such an invitation to the Minister of Foreign Affairs jointly with the Ambassadors of the United Kingdom, France and the Union of Soviet Socialist Republics when they will have been similarly instructed.² The suggested text of the invitation to the Yugoslav Government was submitted in the Department's note of May 25 to the Governments of the Union of Soviet Socialist Republics, the United Kingdom and France. This text the Government of the Union of Soviet Socialist Republics accepted in the Embassy's note of June 12. The proposed invitation of the Yugoslav Government to the participating countries has been amended to include the participation of Austria in the Conference with a consultative vote. This amended text, which is being forwarded to the United States Ambassador in Belgrade along with the agreed invitation to Yugoslavia to act as host, is attached herewith.

The Governments of Great Britain and France are being informed of this action.

WASHINGTON, June 25, 1948.

[Enclosure]

Proposed Text of an Identical Communication of the Four Governments to the Government of Yugoslavia (Revised)

The Government of the Federal People's Republic of Yugoslavia has the honor on its own behalf and on behalf of the Governments of France, the United Kingdom, the Union of Soviet Socialist Repub-

¹ Cavendish W. Cannon.

² A note with the revised text of the invitation was sent to the Embassy in Belgrade in telegram 331 on June 25, 1948, noon, with this direction: "You are authorized to present invitation jointly with your three colleagues only when they have received similar instructions." (840.811/6-2048)

lies, and the United States to invite the Governments of Bulgaria, Czechoslovakia, Hungary, Rumania, and the Ukrainian Soviet Socialist Republic to send representatives and to the Government of Austria to send representatives to act in a consultative capacity to Belgrade, Yugoslavia, to participate in a conference beginning July 30, 1948 to work out a new convention regarding the regime of navigation of the Danube in accordance with the agreements made by the above four Governments at the December 1946 meeting of the Council of Foreign Ministers.

840.811/6-2448 : Telegram

*The Secretary of State to the Embassy in France*¹

SECRET

WASHINGTON, June 26, 1948—noon.

2319. Reurtel 3345, June 24. Following for your info in the event FonOff raises issue US position on reservation of rights under '21 Danube Convention.

Statement on pre-war rights made by French their note of June 4 and a similar statement made by British in a note of June 10 were not shown to Dept prior to transmission to Soviet. Dept obviously could not and did not give assurances that it would support an unseen statement on such a complicated legal position. In fact Dept feels that both British and French statements in notes of June 10 and 4 respectively are ambiguous. The French refer to "unanimous approval of interested parties" without clarifying the meaning of "interested parties". The British have made essentially the same statement in their comment "all the countries concerned".

On June 23 representatives of the French and British Embassies, together with legal advisers (Gros for French and Fawcett for British) met informally with the Dept together with representatives its legal adviser's office. Dept pointed out ambiguity in French and British notes and therefore undesirability of US participation in exchange on this subject at this time. Representatives of Dept's office of legal adviser in addition outlined their conception of international law in this connection. British subsequently submitted a summary of that informal view for transmission to FonOff and Dept offered in place of the British summary the following on what was said in the meeting:

"Officials of the Department of State, without formally committing the United States Government at this time, have expressed the following understanding of general principles:

¹ Repeated as telegram 2421 to the Embassy in the United Kingdom.

"Countries parties to an existing convention may properly, between themselves or together with other countries concerned, conclude a new convention to supersede or replace the earlier convention. The new convention will be effective only as between the countries which become parties thereto, in accordance with the procedure stipulated therein. Countries, parties to an earlier convention, which do not become parties to a new convention retain their rights under an earlier convention as between themselves and any other country continuing to remain party to the earlier convention. As between two countries, both of which become parties to the new convention, the earlier convention will be superseded or replaced. As between two countries, one of which becomes a party to a new convention and one of which does not, the earlier convention continues in effect until such time as one of them takes action, by specific and adequate notification to the depositary government, to cease to be a party thereto."²

The Dept understands that both British and French are reporting to FonOffs:

1. Ambiguity of statements in their notes to Soviet.
2. Dept's view that it would be inappropriate for the US to submit its views formally to the three powers at this time, and
3. The above summary of the unofficial US attitude.

You will note that the US may well be able to take a position which, in substance, will support the substance of a more clearly defined statement of British and French views. Dept understands British and French intend to reply to Soviet outlining views in more detail. Dept has advised both British and French that it will decide whether it can make any formal statement in an exchange of notes after the Dept has had an opportunity to examine the proposed more detailed statement of French and British.

The British and French have pointed out that other members of the 1921 Convention (Belgium, Italy and Greece), have raised the question of their rights. It is possible that one or all of these countries may address a statement to convening powers of proposed Danube Conference asking for recognition of their position under existing instruments. The Dept is considering what reply, if any, it will be prepared to make in event of such request but is not itself intending to initiate discussions with Belgians or others.

As you are aware, the US is not a party to the existing instruments. It believes discussion, at this time, should remain between the British, French and the Soviets. This does not however preclude the possibility

² This paragraph was included in notes of July 1, 1948, to the British and French ambassadors in the United States, to confirm as being "the views of the Department of State of certain general principles of international law applicable to treaties." This summary was formulated as a result of informal exchange of views in Washington on the prospective Danube Conference on June 24 among representatives of the Legal Adviser's offices of the French and British Foreign Offices and the Department of State (840.811/7-148).

of the US taking a position if the circumstances warrant either before or during conference which will, in effect, give support of a clearly defined statement of rights by parties to existing instruments.

MARSHALL

840.811/6-3048

Memorandum of Conversation, by the Assistant Chief of the Shipping Division, Office of Transport and Communications (Tuthill)

[WASHINGTON,] June 30, 1948.

Participants: Mr. D. D. Maclean, First Secretary, British Embassy.
Mr. A. F. Maddocks, Third Secretary, British Embassy.
T—Garrison Norton
SD—John W. Tuthill

Mr. Norton mentioned that the Department had received a cable from the American Embassy in Belgrade to the effect that the British and French¹ Ambassadors had not yet received instructions to deliver the identical notes of invitation to the Yugoslavs to be host for the Conference.² He mentioned Reams' interpretation that the British might not agree to issue the invitation because of the Soviet rejection of the British exposition of its prewar rights.

Mr. Norton stated that he understood that Lord Jellicoe³ had stated, about a week ago, that the British were prepared to proceed with plans to participate and that, in restating their legal position, they would word their note in such a way as to avoid offering the Soviets an excuse for failing to hold the conference.

Mr. Norton urged that the problems of (1) presenting the invitation to the Yugoslavs and (2) the further exploration of legal rights be treated separately. He advocated the immediate issuance of instructions for the delivery of the notes and at the same time a further exchange of views between the legal advisers of the two Governments on prewar rights. He argued that by proceeding on this basis the responsibility for the next move would be up to the Soviets and/or Yugoslavs. He stated that it was quite possible, if not probable, that the Soviet would be anxious to avoid holding the conference at this time. Accordingly, he argued that the full responsibility for the break should be on the Soviet, and that the Western Powers should not offer

¹ Jean Payart.

² Chargé Reams reported that all the authorizations had been received by July 4. The identical notes were presented to Yugoslav Foreign Minister Stanoje Simich at 9:30 a. m., on July 6. In the note of acknowledgment received on July 8, Simich wrote: "Accordingly, the Government of the Federative People's Republic of Yugoslavia has already sent invitations to the interested countries on the contents of which it has been agreed upon." (840.811/7-848)

³ The Earl Jellicoe, Second Secretary in the British Embassy.

the Soviet an excuse for breaking off. He stated that he feared the latest version of the British exposition of its prewar rights might offer such an excuse.

The British replied that Mr. Norton was correct in his interpretation of the statement by Lord Jellicoe; they knew of no change of policy; they appeared to agree that the attempt to issue the invitation should proceed according to plan; they stated that they had informed the Foreign Office we were not fully satisfied with the latest exposition of the British prewar rights, but were anxious for a further exchange of views, and that the United States agreed to the desirability of a subsequent statement by the British further expanding the original statement.

In summary, they appeared to accept Mr. Norton's position and apparently are advising the Foreign Office accordingly.

840.811/7-748 : Telegram

The Chargé in Yugoslavia (Reams) to the Secretary of State

SECRET

BELGRADE, July 7, 1948—noon.

851. New situation Yugoslavia vs Soviet bloc would seem alter western strategy re Danube Conference (my 849, July 7)¹ which may now be turned into testing ground for present latitudinal instability Yugoslav Government.

We think all participants will be looking beyond conference to possibility altered alignments and we have little doubt Soviet strategy will be to make Yugoslavs stand out in front opposing UK and US frontally whenever possible and seeking thus to embarrass or prejudice any future understandings in months to come when Soviet power will attempt Tito's² destruction.

Yugoslavs perhaps even unwittingly may facilitate this tactic. They will just have emerged from their party congress where defiance will have been hurled at other CP's. They will be all the more eager demonstrate their Communist orthodoxy and impress other CP representatives present with intention and ability stand up to west. As for Russians I can only report they have suddenly become affable to degree unprecedented here. They and satellites now attend British, Canadian and US parties, arrive early and stay very late. Local conference invitation arrangements with them were remarkably amiable. We note contrast this attitude and Soviet CP refusal Yugoslav invitation attend party congress here.

¹ Not printed.

² Marshal Josip Broz (Tito), President of the Council of Ministers and Minister of National Defense of the Federal People's Republic of Yugoslavia.

We think nothing in Yugoslav situation can be more important at this time than preserving unimpaired our opportunities and possibilities for influencing in future course of Yugoslav developments. Fact that constructive possibilities at conference itself seem so few only strengthen this opinion.

Accordingly we urge new consideration previous UK and French preference to block conference in advance by insistence on prior agreement re unanimity new decisions or retention 1921 convention. Alternatively if UK delegation given instructions insist on settlement procedural aspects first under threat withdrawal (Embtel 790, June 21)³ we suggest, because of importance avoiding any potential impairment our local negotiating position, no attempt be made alter British Foreign Office from stand.

Sent Department 851; repeated London 143. Department pass Moscow as 161.

REAMS

³ Not printed.

840.811/7-848: Telegram

The Secretary of State to the Embassy in France

SECRET

WASHINGTON, July 8, 1948—6 p. m.

2529. US Delegation Danube Conference planning to leave Washington by plane on July 19 arriving in Paris July 20. Over recent weeks, Dept has informally informed French and British Embs of its desire to hold informal three-cornered conversations prior to Conference. USDel could be available in Paris on July 21 through 23 before proceeding to Vienna for conversations with US military authorities. Request you ask FonOff whether this is convenient and cable reply to Dept. It would be our view that there should be a frank and complete discussion of policy problems that are apt to arise at the Conference, in order that French, British, US positions can be carefully coordinated.¹

Sent to Paris as 2529; rptd to London 2623; Vienna 595; Belgrade 353; Berlin 1208; Geneva 881.

MARSHALL

¹ This information was sent to the Embassy in the Soviet Union in telegram 784 on July 9, with the further statement that the United States delegation would reach Vienna on July 25, where it would stay two or three days for conferences with United States authorities in Austria, with representatives of the Office of Military Government, United States, Berlin (OMGUS), and possibly with the Austrians should they so desire. (800.00. Summaries/7-948)

Ambassador Jefferson Caffery advised the Department in telegram 3628 from Paris on July 10 at 9 p. m., that the French Ministry of Foreign Affairs accepted July 21 as the date to begin advance discussions on Danube policy in Paris with the United States and British delegations. (840.811/7-1048) In telegram 3148 from London on July 13 at 5 p. m., Ambassador Lewis W. Douglas reported that the British Foreign Office was agreeable to holding three-cornered conversations in Paris by noon on July 21. (840.811/7-1348)

S40.811/7-1548

Memorandum by the Secretary of State to President Truman

WASHINGTON, July 14, 1948.

MEMORANDUM FOR THE PRESIDENT

Pursuant to a Four Power declaration of the Council of Foreign Ministers, December, 1946, invitations have been issued by the Yugoslavian Government to convene a conference of Big Four powers and the six riparian states on July 30, 1948, at Belgrade, to work out a new convention regarding the regime of navigation of the Danube. The Department of State has recommended a delegation of 26 persons, with Cavendish W. Cannon, Ambassador Extraordinary and Plenipotentiary to Yugoslavia, as Chairman, and Mr. Walter A. Radius, Director of the Office of Transport and Communications, Department of State, as Vice Chairman.

In accordance with the procedure approved by you regarding Delegation membership, I am presenting for your consideration the above names, and it is recommended that you approve their designation.

I would appreciate your informing me if this recommendation meets with your approval.¹

G. C. MARSHALL

¹ President Truman wrote on this memorandum: "Approved Harry S Truman July 15, 1948".

S40.811/7-1548: Telegram

The Minister in Austria (Erhardt) to the Secretary of State

SECRET

VIENNA, July 15, 1948—3 p. m.

907. In connection with Danube Conference following are Austrian government's views on questions raised in second paragraph Deptel 585 July 2:¹

(1) Austria accepts invitation to conference on consultative basis. Orsini-Rosenberg, Austrian Minister to Bulgaria, designated to lead delegation. He is now in Vienna and hopes for discussion with USDei here before proceeding Belgrade.

(2) Austrian delegation will probably reserve position in view Austria's inability to participate on equal basis. However, in event convention is acceptable Austria most probably will adhere although adherence might take place at later date.

(3) If agreement impossible in Belgrade or convention not acceptable, Austrian Government would reserve its position. Would entertain projects such as upper fluvial commission only after termination of military occupation.

In general Austria will naturally seek broadest possible basis for internationalization of Danube to avoid Austria later being outvoted

¹ Not printed.

by satellites. Orsini-Rosenberg has indicated he expects maintain close contact with USDel and assumes Austrian and US interests will run completely parallel.

ERHARDT

840.811/7-1548: Telegram

The Ambassador in the Soviet Union (Smith) to the Secretary of State

SECRET

Moscow, July 15, 1948—6 p. m.

1333. Though recent months have produced no fresh indications of position Soviets will probably take at Danubian conference (Deptel 368 to Belgrade, repeated Moscow as 795 July 12¹), it is presumed their line will differ little from views made so clear in the past, particularly at conference of Paris, and Paris and New York CFM's 1946. Department's files undoubtedly more complete this respect than ours (see, for example, Danube section, peace treaties report, Division Historical Research project 44 October 1947). In particular, following points seem pertinent:

Soviets have already made it clear they will not accept unanimity voting principle at conference (Depinfotel June 25 and Belgrade's 790 to Department June 29).² Even if present Tito-Cominform rift should result in Yugoslavia voting in some instances with western powers and against Soviet bloc (compare Belgrade's 851 to Department July 7), latter would still have effective majority of six against four (with Austria represented only in consultative capacity). There is no reason to change previous US view that Soviets will continue oppose establishment of any Danube regime providing representation for non-riparian states. In view continuing Soviet propaganda on American and western imperialist designs, Soviets will doubtless develop further Molotov's Paris argument that imposition any such international regime would be act of imperialism impinging upon sovereignty riparian states, as well as suggestion that if principle of international regime valid, it should also be applied, for example, Suez and Panama Canals. In addition to supporting strongly Austria's right for representation, western powers should presumably emphasize present lack freedom and equality Danube navigation, referring specifically 50-50 shipping companies monopolistic position and practices, as well possibly as reiterating US occupation southern Germany additional reason for our interest in settlement, and questioning right of both Ukrainian SSR and USSR be recognized as riparian states. Reported Rumanian action in restricting Danube traffic few days ago might also be cited not only as violation peace treaty but example present absence freedom navigation.

¹ Not printed.

² Neither printed.

As yet no announcement regarding composition Soviet delegation conference.

May add, with reference Tito-Cominform rift, Yugoslav press attaché has told American correspondents here that if any of them want to go to Belgrade for conference they will be welcomed. This is almost revolutionary change of attitude.

Sent Department 1333, Department pass Belgrade 38.

SMITH

840.811/7-1648 : Telegram

The Minister in Romania (Schoenfeld) to the Secretary of State

CONFIDENTIAL

BUCHAREST, July 16, 1948—3 p. m.

785. While we have no official information of intended Rumanian position at Danube conference (urtel 437, July 12¹) we believe press article reported mytel 681, June 24¹ accurately represents Rumanian position and foreshadows their tactics, namely that control of Danube is province of riparian states, though international control of river would be acceptable in principle if other world waterways such as Panama and Suez Canals were likewise put under international control.

There has been surprisingly little public comment on the conference. It goes without saying Rumanian policy will be an abject reflection of whatever position Soviets may take. As seen from here present Rumanian regime will give lip service to freedom of navigation because of peace treaty but will in effect seek to insure river's control by Soviet Union and Soviet-dominated states.

Shall advise as to composition Rumanian delegation as soon as this information can be ascertained.

Sent Department; repeated Belgrade 45.

SCHOENFELD

¹ Not printed.

840.811/7-2348 : Telegram

The Ambassador in France (Caffery) to the Secretary of State

SECRET

PARIS, July 23, 1948—1 p. m.

3837. Deldu 2. From Cannon. Had full dress meetings with British and French twenty-first and twenty-second. In addition two subcommittee meetings have been held to discuss specific questions referred by plenary meetings. General impression to date is that neither British nor French have strong convictions on most issues and that neither

has given question detailed consideration it received in Washington.¹

At first plenary meeting British and French made clear their position that they consider 1921 convention remains in force until abrogated by all signatories and that they intend to fall back on that position if satisfactory convention not reached at Belgrade. We have not accepted this contention and hope to induce them to modify their stand in light of international precedents or not force issue at conference. (See following telegram² for Barron³ from Bevans.⁴)

French display no great eagerness for membership on Danube Commission. French are obviously concerned lest Soviets be given opening to request representation on CRC. British will apparently seek great power representation on Commission but do not intend to wreck conference on that issue.

British and French both appreciate importance of Austria's position at conference but British disinclined to press for voting rights for Austria at opening of conference on ground that Soviet position certain to be opposed and would result in first East-West break. French apparently not disposed to press for Austrian participation in convention or Commission prior to Austrian peace treaty. Gruber⁵ is in Paris today and French may modify their position after talking to him.

At second plenary session British submitted for consideration position paper incorporating British desiderata for any agreed convention. British paper merely elaboration views previously communicated to Department (Foreign Office cable July 15 to British Embassy, Washington). British paper submitted to subcommittee for study and comment.

At second plenary session committee of legal experts reported on matters referred to them for study. On question of voting procedure at conference, committee considered it immaterial whether decisions reached by majority or two-thirds vote inasmuch as three western powers all reserved right to refuse adherence to convention if it proved unacceptable to them. Committee recognized need for safeguards to ensure implementation of convention and considered various courses, including reference of dispute to competent UN agency, exchange of observers between Commission and UN agency, conference of signa-

¹ Detailed Summary Records of Discussions with the American, British, and French Delegations to the Danube Conference, held in Paris at meetings on July 21, 22, and 23, were sent to the Department of State from Vienna in despatch No. USDel 1, on July 26, 1948; not printed. (840.811/7-2648)

² Not printed.

³ Bryton Barron, assistant for treaty affairs in the Office of the Legal Adviser.

⁴ Charles I. Bevans, assistant chief of the Treaty Branch in the Office of the Legal Adviser; member of the United States delegation to the Belgrade Conference.

⁵ Dr. Karl Gruber, Minister of Foreign Affairs of Austria.

tory powers to amend convention and reference of disputed points to International Court. Mob [Both?] British and French displayed considerable interest in providing for effective safeguards vested in appropriate UN agency but vague on nature of tie-in.

Subcommittee also agreed that Austria would be competent with concurrence of ACC to be a party to and participate in any Danube Convention. With respect to Germany, subcommittee agreed that participation would be possible only after peace settlement was reached. [Cannon.]

CAFFERY

840.811/7-1948

The Secretary of State to the British Ambassador (Franks)

The Secretary of State presents his compliments to His Excellency the British Ambassador and has the honor to refer to his note No. 378 of July 19, 1948¹ inquiring whether the United States Government shares the view of the British Government that the presence of observers from the United Nations would be welcome at the Danube Conference, and if so, whether the United States Government would be ready to instruct its representative in Belgrade to join with his three colleagues in requesting the Yugoslav Government to issue an invitation to the Secretary General of the United Nations² to send observers to the Conference.

The Secretary of State is happy to inform the British Ambassador that the United States Government shares the view of the British Government that the presence of observers from the United Nations would be welcome at the Conference. Accordingly, the United States Government has instructed its Representative to the United Nations³ so to inform the Secretary General of the United Nations, and has instructed its representative in Belgrade to join with the representatives of the United Kingdom, France and the Union of Soviet Socialist Republics in requesting the Yugoslav Government to issue an invitation to the Secretary General to send observers to the Conference.⁴

WASHINGTON, July 23, 1948.

¹ Not printed.

² Trygve H. Lie.

³ Warren R. Austin.

⁴ The British Embassy communicated to the Department of State the reply received from the Soviet government to the British suggestion that the United Nations should be represented at the Danube conference. The Soviet government had rejected this proposal because the Council of Foreign Ministers had made no arrangements for the presence of the United Nations at the conference, and the peace treaties had included no provisions for United Nations participation. Furthermore, there had been no such invitations for United Nations presence at other international meetings. This negative response by the Soviet Union was sent for the information of the United States delegation in telegram 424, Dudel 3, to Belgrade on July 30, 1948, at noon (840.811/7-3048).

840.811/7-2448: Telegram

The Ambassador in France (Caffery) to the Secretary of State

SECRET

PARIS, July 24, 1948—5 p. m.

3869. Deldu 4. Overnight French had apparently reconsidered their position or had become concerned by initiative shown by USDel at subcommittee meeting which considered British paper. In any event after report by British *rapporteur* French took strong line that they would not be bound by US position on freedom of navigation but must base their claim to membership in any Danube commission on their rights under 1921 convention. Payart, French Ambassador at Belgrade, is obviously sparking French delegation on this point. French increasingly concerned lest Soviets be given any pretext for asserting claims to representation on other international waterways, particularly Rhine.

US legal position re abrogation 1921 convention circulated to French and British delegates and subject of discussion subsequent meeting legal experts Friday evening.¹ British and French lawyers admitted concurrence in new convention by all parties 1921 convention unnecessary and dangerous position to take. French insisted upon distinction between conventions establishing and governing international organizations and conventions establishing merely contractual obligations. He and British lawyer insisted organizational conventions cannot be modified without approval all competent members organization. US suggested limitation to members having substantial vested interests in subject matter of organization. British concurred necessity some such modifying language and agreed submit matter to Foreign Office. French seemingly satisfied without additional wording. Has Department any suggestions on this matter? "

Both US and British have emphasized refusal to admit discussion at Belgrade of international waterways other than Danube and British have pointed out that reliance on 1921 convention is essentially identical with reliance on principle of freedom of navigation. French, however, are not convinced and are clearly influenced on this point by their general preoccupation with possibility of appearance of strong world power on their frontiers.

¹ July 23.

² In reply by telegram 418, Dudel 1, to Belgrade on July 28, 7 p. m., it was stated that the suggestion of the United States delegation regarding approval of a convention by all parties "having substantial vested interests in subject matter of organization" was acceptable to the Department as a compromise to the British position. This was provided, however, that it would be clearly understood that the United States, the United Kingdom, and France as occupying powers, acting on behalf of Austria and Germany, possessed such vested interests, and that they may by virtue thereof participate in a new international convention, or may refuse to apply a convention which was not in the best interests of Austria and Germany. (840.811/7-2348)

Agreed position of western delegations is that plenary sessions of conference should be open to correspondents but committee meetings closed. Western proposal will be for three conference committees, i.e. steering, technical and drafting. Delegations from western countries will arrange for briefing correspondents of their respective nationalities on day-to-day developments. Conference procedure would be determined by standard UN rules. Agreement reached on desirability opening statement in general terms by chief western delegations.

This meeting concludes our deliberations with British and French in Paris. We shall reconvene informally but inconspicuously in Belgrade before opening of conference to consider final drafts and decide on tactics for opening sessions.

Informal discussion with Foreign Minister Gruber revealed that Austrians prepared to take strong position that they will not accept any Danube convention which does not adequately guarantee Austrian interests. They believe they should have right of participation on equal basis in preparation of convention as well as seat on commission. They also want US, British and French on the commission. While taking realistic view of coming conference they are somewhat optimistic. They see no particular difficulty in getting agreement upon general principles of freedom of navigation and feel that principal controversies will revolve around membership on commission and administrative setup which will guarantee the carrying out of those principles.

Gruber has also talked with British and French, and British indicate concurrence in our tentative view that a strong stand by Austria at beginning of conference might provide a basis for reopening question of full Austrian participation in conference at appropriate time. Positive Austrian stand likely to encourage British and French to take more positive attitude in line with US position.

CAFFERY

840.811/7-2648 : Telegram

The Chargé in Yugoslavia (Reams) to the Secretary of State

SECRET

BELGRADE, July 26, 1948—1 p. m.

988. Good Yugoslav source has informed us Vyshinski¹ will head Soviet Delegation Danube Conference. Source expressed hope US and UK fully appreciate political and propaganda implications conference and use Kremlin expects to make of it as illustrated by this appointment.

¹ Andrey Yanuaryevich Vyshinsky, First Deputy Minister for Foreign Affairs of the Soviet Union.

Designation Vyshinski plus report Pauker² will head Rumanians does, in fact, reinforce our impression as reported Embtel 851, July 7 that Soviets will seek to extract maximum political advantages from conference while organizing technical aspects Danube navigation as incidental by-product.³

We have also learned USSR plans send 60 persons for conference not all of whom may be officially accredited. This brings to mind another Vyshinski jaunt to another east European state at relatively critical point.⁴

Sent Department 988; Department pass Moscow 187; repeated London 151; Paris 136.

REAMS

² Mrs. Ana Pauker, Romanian Minister for Foreign Affairs.

³ The Department of State replied in telegram 423, Dudel 2, to Belgrade on July 29, 7 p. m., that it was inclined to believe that Vyshinsky would probably concentrate on activities not connected with the conference. If he should utilize the conference as a propaganda forum, Ambassador Cannon was instructed to "take firm and aggressive position in such debate". (840.811/7-2948)

⁴ Vyshinsky had made two journeys to Romania, in November–December 1944 and February–March 1945, when he intervened in Romanian Governmental affairs, which culminated in the establishment of the communist cabinet of Petru Groza on March 6, 1945. See *Foreign Relations*, 1944, vol. iv, pp. 257–282, *passim* and *ibid.*, 1945, vol. v, pp. 486–528, *passim*.

84.811/7-2748: Telegram

The Minister in Austria (Erhardt) to the Secretary of State

SECRET

VIENNA, July 27, 1948—8 p. m.

950. Deldu 8. USDel had profitable meeting today with Austrian Minister to Bulgaria, Orsini-Rosenberg. Rosenberg plans to claim full voting rights for Austria at early stage in conference and US will support this request, I hope with British and French backing. Austrian delegation appears competent and takes realistic view of possibilities of reaching agreement at Belgrade.¹

In general, Austrian views regarding new convention parallel ours. They will observe right to accept or refuse any convention concluded at Belgrade. They do not submit draft treaty and are prepared to accept 1921 convention as basis for negotiation. They feel Russians will advocate two commissions, one for Maritime and one for fluvial Danube, which from Austrian standpoint would be satisfactory. They are concerned about their position on any commission on which their voting position would be weak and are exploring means for strengthening their position in this respect. They will advocate that commission's procedure require two-thirds majority on the votes and would

¹ A more detailed Summary Record of Discussions between the United States and Austrian Delegations to the Danube Conference, held in Vienna on July 27, was sent to the Department of State from Belgrade in despatch No. 682, on August 11, 1948; not printed. (840.811/8-1948)

favor continuance of the prewar arrangement whereby Germany had two votes. We are exploring implications of this suggestion and would appreciate any comment Department may wish to offer.

Austrians are quite naturally concerned about possibility of political interference by Soviets in affairs of riparian states through instrumentality of Danube Commission and would like to limit authority of commission to purely technical matters. They are especially interested in ensuring that commission have no authority to interfere with power plants on Austrian sector of river.

Austrians take legal position that 1921 convention can be abrogated only with unanimous consent of all parties thereto but adopt practical view that non-riparian states signatory to 1921 convention and not represented at Belgrade will undoubtedly accept new convention if agreed upon by all parties to Belgrade Conference.

Delegation leaves by air for Belgrade July 28, a. m.

ERHARDT

840.S11/7-2948 : Telegram

The Chargé in the Soviet Union (Kohler) to the Secretary of State

Moscow, July 29, 1948.

1450. Soviet press July 29 announces air departure of Soviet Delegation to Danube Conference headed by Vishinsky; Deputy Minister Merchant Marine S. M. Bayev; Deputy Minister Foreign Trade S. A. Bor[i]sov; Ambassador to Yugoslavia A. I. Lavrentyev; and Deputy Director of Balkan Countries Section of Ministry Foreign Affairs, Minister Plenipotentiary S. P. Kirsanov. Belgrade Tass despatch announces arrival Ukrainian Delegation headed by Comrade Baranovski.¹ Size delegations not given.²

Sent Department 1450, repeated Belgrade 52.

KOHLER

¹ Anatol Maximovich Baranovsky was the Deputy Chairman of the Council of Ministers of the Ukrainian Soviet Socialist Republic.

² The arrival of Vyshinsky, Ana Pauker, and others in Belgrade during the afternoon of July 29 was reported in telegram 1017 from Belgrade on July 30, 1948.

840.S11/7-2848 : Telegram

The Secretary of State to the Embassy in Yugoslavia

SECRET

WASHINGTON, July 30, 1948—6 p. m.

429. Dudel 6. Deldu 8 July 28 [27]. Re Austria's proposed position on Danube Conference Dept comments as follows: (1) Logical that Austrians should base case on 1921 Convention, however if 1921 Con-

vention accepted as basis for negotiation whole question of interest of other signatory powers not invited to Conference is raised. (2) Austria's efforts to strengthen position on river commission appear to be limited to following alternatives (a) advocacy of unanimity principle in voting procedure. As you know U.S. prefers majority principle. (b) Three-quarters or two-thirds majority principle on voting procedure. Either percentage acceptable. Seems relatively ineffective however in view of possibility that Soviets may offset by adding alleged riparian or Black Sea powers. (c) Advocacy of multiple vote for certain designated nations. Dept notes that U.S. concurred in decision to eliminate multiple voting on Rhine Commission at London Conference in 1945. This was not an important issue but point was that Germany should not be entitled to prewar preferential treatment in postwar regime. Multiple vote would give Soviets opportunity for advocating same principle for favored satellites.

U.S. generally following role of one nation—one vote in international conferences.

Dept interested in obtaining adequate position for Austria leaving details to be developed at Conference. (3) On protection Austrian power plants Padelford¹ comments that highly desirable Commission have right to make surveys of river works. Power plants considered part of river works. If Western Powers hope to survey low river works will have to submit surveys on upper river works. On other hand there appears to be more at stake in upper river so practical protections on this probably outweigh advantage of theoretical reciprocity.

MARSHALL

¹ Norman J. Padelford, Professor of International Relations, Massachusetts Institute of Technology, Cambridge, Massachusetts, and a consultant to the Department of State in connection with the Danube conference.

840.811/7-348 : Telegram

The Ambassador in Yugoslavia (Cannon) to the Secretary of State

SECRET US URGENT

BELGRADE, undated.¹

[Received July 3 [31], 1948—9:43 p. m.]

Unnumbered. Deldu 18.² Opening session Danubian Conference held 5 p. m. yesterday,³ Simic presiding. Procedural decisions were taken to hold one meeting daily and to rotate chairmanship daily in Russian

¹ In telegrams received in this series, occasional changes in punctuation and words have been made in accordance with the original text as sent from Belgrade.

² In telegram Deldu 26 from Belgrade on August 2, 1948, 3 p. m., Ambassador Cannon explained that this message was "delayed in transmission and was forwarded as Deldu 18."

³ Friday, July 30, 1948.

alphabetical order. Mates of Yugoslav Foreign Office chosen Secretary General.⁴

There were clear indications that Soviets intend use their majority to direct conference the way they want it to go, taking every opportunity to stress their thesis that Danube is direct concern of riparian states and of little or no concern to outsiders. Vyshinsky, reverting to the usual domineering manner of Communists who find themselves in control and obviously relishing his position, took the lead, crying on one occasion that conference had met to establish a regime in interest of riparian states, and that it would do so regardless of possible objections of small minority of states represented at conference. However, at another point he remarked with a smirk that USSR had had long experience of being in minority at international Conferences, understood the difficulties of that position, and therefore did not intend to take unfair advantage of it.⁵

Simic in opening address of welcome stated that People's democracies with USSR at their head, in their capacity as riparian states on the longest and most important sector of Danube, would be surest guarantors that Danube would serve as peaceful highway for exchange of goods among all peoples sincerely desirous of peace, in the spirit of Danube clauses of peace treaties. Bebler,⁶ heading Yugoslav delegation, emphasized distance between Danube area and US, even questioning by inference right of US and UK to be present at conference.⁷

Only major argument which centered on conference languages revealed Soviet intention to limit Danube control to riparians and eliminate Anglo-American interest in river. Vyshinsky proposed Russian and French as official languages (for documents) which would preclude English text in any convention concluded. I objected strongly and Peake, who did not immediately grasp significance this maneuver, gave rather perfunctory support. Vyshinsky then made gesture of admitting English as working language (for debates). Peake and I pressed strongly for recognition as official language as well. In long argument Vyshinsky cited Versailles Conference, Danube Conference of 1921, UN procedure and other irrelevant examples, also arguing necessity on practical grounds of limiting official languages to two.

⁴ Leo Mattes (Mates), Chief of section for International Organizations in the Yugoslav Ministry of Foreign Affairs.

⁵ Vyshinsky declared: "The convention adopted here will not have to be referred to any one. It will be adopted by the majority of the conference and signed by those who wish to sign and will come into force without the consent of a small minority if there be such a minority. . . . Too often we have found ourselves in international bodies being suppressed. We do not wish to do the same to you but we wish you to be guided by practical considerations."

⁶ Dr. Alesh (Aljes) Bebler, Assistant Minister of Foreign Affairs of Yugoslavia.

⁷ The opening statement by the Chairman of the United States Delegation, Ambassador Cavendish W. Cannon, is printed in Department of State *Bulletin*, August 15, 1948, pp. 197-199.

Satellites in stuttering Russian obediently announced support of Soviet proposal.

In statement of US position I made following points:⁸

(1) We had not expected such a determined effort, so richly and speciously documented, to exclude English as official language, as this was a simple procedural matter which should logically have been settled automatically in accordance with practice at other conferences held since recent war.

(2) Precedents cited by Vyshinsky were not analogous to present conference. Closest parallel was in fact Paris Conference of 1946 when all three were official and working languages.

(3) Danube Conference had been called following decision of, and at suggestion of, four CFM Powers, two of which were English speaking.

(4) US Delegation hoped that other delegations would remember that eyes of world are on this conference, and that apparent predetermined effort to push through such decision as this would make unfortunate impression.

(5) Heed must be paid to problems of practical operations of conference. Failure to issue documents in English would increase burden on English-speaking delegations, and US Delegation should not be placed in position of having to submit to its Government final documents of which no authentic English text existed.

(6) US Delegation felt that the important thing now was to get on with work of conference in spirit of cooperation, and that introduction of language issue in this way was jeopardizing this possibility.

When vote taken, proposal for three working languages was unanimously accepted. Soviets proposal for two official languages was adopted by 7 to 3 majority. French supported our position but only in brief statement that language of two of four sponsoring powers should not be excluded as official language.

Background of language dispute will probably be of interest to Washington correspondents. On July 4 Yugoslav Foreign Office official orally informed Embassy while discussing conference arrangements that French, English and Russian would be official languages (Embtel 840, July 5).⁹ US Delegation constituted on basis this assurance and arrangement adopted yesterday will place heavy burden on our translating personnel. This morning Bebler before seeing Vyshinsky told French Ambassador there would be three official languages. Last evening, however, first secretariat document was circulated only in French and Russian, and we protested immediately. Proposed rules for procedure circulated immediately after close yesterday's session contained arrangement adopted yesterday, clearly indicating advance agreement with satellites on this point.

⁸ For the press release of August 2, on the adoption of French and Russian as the official languages of the Danube Conference, see Department of State *Bulletin*, August 15, 1948, p. 200.

⁹ Not printed.

From day's deliberations it seems to me quite apparent that Soviets intend use their majority freely, make position of western powers as difficult as possible, push through their own proposals as rapidly as they can, and use conference as propaganda forum for own aims in eastern Europe. Yesterday morning I was told confidentially by Bebler that Soviets had own draft convention ready. Probably they will submit it at an early date, have it taken as basis for discussion, and seek summary disposal of amendments and proposals of western powers. Almost certainly their draft will provide for a regime in which only riparian states will participate.

In view of slight possibility of agreement on a convention, or even of serious discussion on major points of our draft, I think it likely that conference will become scene of exchange of strong statements between east and west with USSR and US as chief protagonists. Since we must now face possibility that conference may come to breaking point fairly soon, we have in preparation for today's session US position on major substantive points of Danube question, in order that we may be in most advantageous position to explain to American and world opinion what has happened at conference and reasons for its failure.

Reference Department's Dudel 2, July 29,¹⁰ would appreciate immediately by cable any additional documented data regarding Soviet economic domination of Danubian states. In view of turn conference taking opportunity may arise to put case fully on record under setup where we can lose nothing process.

Department pass to Moscow, Bucharest, Sofia, Budapest, Praha, Vienna, Paris, London, Geneva, Berlin.

CANNON

¹⁰ Not printed ; but see footnote 3, p. 632.

840.811/7-3148 : Telegram

The Ambassador in Yugoslavia (Cannon) to the Secretary of State

SECRET US URGENT
NIACT

BELGRADE, July 31, 1948—4 a. m.

Deldu 17. Toward midnight I contrived to get together British delegation and two senior members of French delegation and local French Ambassador Payart who thought not in delegation is their chief adviser. Both delegations are almost in state of panic as result of Vyshinski's statement mentioned in second paragraph my preceding telegram.¹

British delegation [*delegate?*] is fighting mad and wants to enter tomorrow's meeting determined to protest or disagree "in strongest

¹ *Supra* ; and see footnote 2, p. 634.

terms" as a matter of general counter-offensive without worrying much about his grounds for objection and without thinking much about eventual substitute proposals.

French had practically reached decision to take the floor at earliest opportunity, make general statement of position with emphasis on French reservations, then depending on reception accorded their statement, they would decide whether to leave the conference.

I hope I have persuaded both delegations that today's flurry was surprising only in that it came so early in ceremonial opening session and that they must by no means allow themselves to be maneuvered into a break or that Soviet propaganda can plausibly present to the world as a procedural quarrel on a vague distinction between working and official languages. I proposed instead that we persist in working into substance of conference problems and all of us make policy statements including the Austrians and if necessary begin study of draft convention Soviets are expected to table. I proposed to British they consider tabling their summary draft (see paragraph 5 Deldu 2, July 23 from Paris)² as auxiliary working paper to Soviet draft and said we would not put in US draft as single document but bit by bit would bring it forward either as alternative articles or as amendments. This should carry us along until record would clearly show that if would clearly show that if break must come it would be on solid grounds of substance and principle.

Both delegations cheered up somewhat and we expect to have further exchanges with them before meeting and hope to get through session on line that firm and detailed policy statements will give us time for more constructive and less emotional study of position and strategy. Have also proposed we avoid making issue of minor points in rules of procedure which may come up for discussion and consume part of session.

CANNON

² Telegram 3837, p. 627.

840.811/7-3148 : Telegram

*The Ambassador in the Soviet Union (Smith) to the Secretary
of State*

RESTRICTED

Moscow, July 31, 1948—3 p. m.

1485. Soviet press July 31 devotes almost two columns to Tass special correspondent's description first session Danube Conference. In brief review Danube navigation question, article emphasizes question was raised by US-UK at peace conference where they insistently attempted secure restoration pre-war unjust conditions whereby actual

bosses of waterway, playing important role in economy Czechoslovakia-Yugoslavia-Hungary-Bulgaria-Rumania-USSR and Austria, were not riparian but states far removed from Danube. Claiming US-UK demanded inclusion in peace treaties of obligations incompatible with sovereignty of Rumania, Bulgaria and Hungary, article emphasizes Soviet Union's past opposition these unjust proposals and its insistence that all Danubian states participate in regulation navigation. Having established this vastly simplified one-sided history of the question in Soviet reader's mind, article then summarizes Simic's initial speech and launches into full description debate on question of working and official languages, presenting to Soviet reader farcical wrangle in which satellite negotiators display overwhelming forensic agility.

Sent Dept; 1485, Dept pass Belgrade 55.

SMITH

S40.S11/S-148 : Telegram

The Ambassador in Yugoslavia (Cannon) to the Secretary of State

BELGRADE, August 1, 1948.

Deldu 21. From Dustmann ¹ for Michael McDermott ² and Dunning. Statement of Cavendish W. Cannon, chairman, US delegation to Danube Conference, at second plenary session of conference, Kolarchev University,³ Belgrade, July 31:

The US delegation wishes to support the request of the Austrian Government that this conference agree, at this time, to full Austrian participation in all conference matters.

It is the firm view of the US that no convention regarding a regime for the Danube should be discussed in its substantive issues without the benefit of Austrian participation on the basis of equality. As mentioned by the Austrian delegation, not only is the Danube of importance to Austria, but in addition Austria is important to the river and therefore to the welfare of all the peoples along the river. It is the view of the US delegation that this conference should promptly welcome the Austrian delegation to full participation and I put forward the proposal that Austria be seated.⁴

CANNON

¹ Walter H. Dustmann, Jr., press officer of the United States delegation to the conference in Belgrade, from the Office of the Special Assistant for Press Relations, Department of State.

² Michael J. McDermott, special assistant to the Secretary of State for Press Relations.

³ The meeting place of the Danube Conference was in the Kolarchev University at Student Square. The United States delegation stayed at the Moscow and Balkan Hotels.

⁴ The Ambassador's remarks were quoted in a statement on the denial of full participation to Austria released to the press on August 2, and printed in Department of State *Bulletin*, August 15, 1948, p. 200.

840.811/8-148: Telegram

The Ambassador in Yugoslavia (Cannon) to the Secretary of State

SECRET

BELGRADE, August 1, 1948—9 p. m.

Deldu 23. French statement reserving rights under convention of 1921 and Austrian request for voting rights were two main topics discussed by Danube Conference at second meeting yesterday.

Somewhat recovered from their agitated state of previous evening described in Deldu 17, July 31, French delegate¹ made no threat to walk out of conference but nevertheless firmly asserted France had certain acquired rights under 1921 convention which could not be abrogated without consent of all parties thereto. Peake made similar statement on behalf of UK.

By making these declarations so early in proceedings French and British played into hand of Soviet bloc spokesmen who seized opportunity to charge attempt to limit freedom of conference to conclude new convention.

Five satellite delegates spoke in opposition, arguing that 1921 convention was product of period when Danubian states not fully sovereign and dominated by great powers, whereas now under new conditions those nations, strong and free, not willing accept subordinate status. Pauker and others poured scorn on France's "acquired rights" as right of exploitation which new democracies would never recognize. They held 1921 convention not in force and that this conference could not in any way be limited by it.

Vyshinsky delivered long and vitriolic speech denouncing French and British statements as examples of "methods of dictators" and as ultimatums issued to conference. He accused France and UK of trying to put pressure on conference, setting conditions *sine qua non* for adherence to new convention even before proposals for such convention submitted for discussion. He included US in his denunciation although I had not spoken on subject.

Vyshinsky argued that 1921 convention is no longer in force since replaced by Danube articles and [*in*] peace treaties and in fact already destroyed by UK and France in concluding Sinaia agreements with Rumania in 1938 without consent by all signatories. Western powers, he said, now had choice of accepting new convention which majority would work out here or losing its benefits. Door was open for them to come in or go out.² Conference, said Vyshinsky, would not

¹ Adrien Thierry, president of the Central Rhine Commission.

² According to the United States verbatim report of the translation, Vyshinsky asserted: "This is the language of, I would say, bosses; this is not the language of collaborators; it is the language of dictators. The Soviet delegation must firmly reject such language and we must tell you gentlemen we will not accept ultimatums—we will completely disregard them. We must say in this connection, and it must be said openly, that the door was open for you to come in; the same door is open for you to go out, if this is what you wish. This is putting the question clearly politically. No one forced you to come to participate in this conference."

impose anything on a minority, but would accept no ultimatums.

I replied only briefly to Vyshinsky, protesting unwarranted charge of issuing ultimatums, but put off further statement on substance.

Austrian delegation made its plea for full participation in conference, which we and British supported (see Deldu 21, August 1). Soviet bloc was solid in opposition, Vyshinsky holding out our sponsorship of Austrian request was departure from Four-Power decision that Austria should attend only in consultative capacity. Conference voted seven to two against US motion to accept Austria as full voting member. French abstained stating that rules of procedure not yet adopted after stating preference for Soviet counter-proposal to endorse consultative status and asking us to withdraw our motion in interests of unanimity.

We here think it was useful to put our support of Austria on record even though defeat of proposal was certain. Summary rejection of Austrian request indicates Soviets see no reason to pay heed to views and interests of Austria.

Sent Department; Department pass Moscow, Bucharest, Sofia, Budapest, Prague, Vienna, Paris, London, Geneva, Berlin.

CANNON

840.811/8-148 : Telegram

The Secretary of State to the Embassy in Yugoslavia

SECRET

US URGENT

WASHINGTON, August 1, 1948—4 p. m.

NIAC

440. Dudel 12. For Amb Cannon. Dept has received ur report of Fri opening session with account of working language issue, also your report midnight meeting Fri with British and French Delegates. (Deldu 18 July 31 and unnumbered, undated tel reporting Friday's session¹). Report of Sat session unreceived.

We concur fully with position you are taking, and importance in line Dudel 2² strong statement U.S. position major issues and objectives be set forth prior any withdrawal from Conference. Embs London and Paris hereby instructed emphasize British and French FonOffs our continued conviction that basic western principles and objectives must be made unmistakably clear and that USSR must be prevented usual maneuver endeavoring crystalize East-West dispute on ostensibly procedural or legalistic matters rather than on issue of substance.

Expect forward today following tel additional data re Soviet economic domination Danubian states ur request.

Press highlighting Vishinsky's speech apparently made Sat that "The door of the Conference was opened for you to come in. The door

¹ See *ante*, p. 634, and footnote 2.

² Not printed; but see footnote 3, p. 632.

is open for you to go out." Also his reply Thierry's statement reserving rights under '21 Convention to effect that "We will not accept such ultimatums. We will disregard them. We will pass them by."

Dept proposes keep U.S. press informed for background current conference developments accordance ur reports.

(Sent Belgrade—rptd Paris and London).

MARSHALL

840.811/8-248 : Telegram

The Ambassador in Yugoslavia (Cannon) to the Secretary of State

CONFIDENTIAL

US URGENT

BELGRADE, August 2, 1948—2 p. m.

Deldu 25. Voice Press. Berkov Dunning IBD NY from Mann.¹
Commentary for automatic declassification on receipt:

Coming week's deliberations Belgrade expected by observers to provide real test of Soviet intentions toward Danubian and other European nations.

Opening meetings international conference to insure freedom navigation on Danube late last week clearly demonstrated Soviet ability to drive through—far as conference voting concerned—any proposal Soviets determined to stamp with approval of their bloc. Whether this power will be abused in most important respects to be seen this week. Conference was assured by Soviet Deputy Foreign Minister Vishinsky Friday that Soviets do not wish to suppress proposals of western powers in conference. Speaking on French statement [19]21 convention rights must be protected, Vishinsky Saturday said language of dicta and ultimata must be left outside hall. If Soviets perform accordingly conference may be able benefit peoples who have so much to gain from more abundant Danube commerce.

Delegates wondered if Vishinsky had changed approach since Saturday when he declared minority could take or leave new convention which would set up in any case and that door through which they came was open for any to leave at any time. Hopes on non-dictatorial attitude were given no great lift either when Vishinsky little later same speech issued dictum telling western powers their alternatives are either to accept decision of the conference and of new convention or be deprived of anything new convention can give.

Soviet voting control of conference and willingness to use it ruthlessly, were established when, under vigorous Vishinsky leadership, satellite regimes refused make English one official language of conference, then also refused recognize that Austria, one of major riparian nations, entitled to full voting status as proposed by US.

¹ George A. Mann, liaison officer, Public Affairs, Overseas Program Staff, Office of International Information, Department of State.

In preliminaries, [no] sign of willingness to put forward ideas at variance with Soviets was given by any representatives of regimes in power in Soviet sphere. There was no deviation from Soviet line by speech or balloting. Should such bloc action persist, Soviets carry full responsibility for whatever bad or insufficient results the conference may have.

Showdown on Soviet sincerity, however, will come this week when conference gets into substance of its task of implementing freedom principle to which participating nations committed selves in Balkan peace treaties. What kind agreements Soviets willing make, observers think, will test whether Soviet directors of eastern bloc can muster any sincere interest in improvement of Danubian economies; if not, they will have proved again they value own complete domination this area too highly to be bothered with European welfare.

US has one basic aim here: to insure a maximum usefulness of great artery's potential in beneficial European and world trade. Its attitudes have made it clear US convinced abundant trade will aid both east and west. Such benefits cannot be barred to west without denying them to Danubians as well. Any regime so harming riparian peoples would not represent, but flagrantly misrepresent, Danubian interests.

CANNON

S40.811/8-248: Telegram

The Ambassador in the Soviet Union (Smith) to the Secretary of State

SECRET

Moscow, August 2, 1948—6 p. m.

1501. Personal for Ambassador Cannon. First report of Danube Conference very disquieting to us here. Hope our delegation appreciates fact that Vyshinski is a most accomplished bully. Naturally ruthless and cruel, he will on every occasion out-Communist his Communist contemporaries because he has an initial record of Menshevism to overcome. His tactics at beginning of Danube Conference in forcing through majority agreement for only two official languages to exclusion of English will be typical judging from my past experience with him beginning in North Africa. My own opinion is that had this bluff been called at the start he would have withdrawn and accepted English as official language. Feel sure Vyshinski will make every effort to ride roughshod over Western representatives in Belgrade and give an exhibition to satellite countries, particularly Yugoslavia of dominance of Soviet power.¹ If he is permitted to do so, it may have marked effect on Yugoslavs and on future evolution of party rift.

¹ The Minister in Switzerland, John Carter Vincent, reported to the Department in telegram 1017 from Bern on August 4, the observations telegraphed the previous day by the Belgrade correspondent of the *Neue Zürcher Zeitung*: "Danube Conference though scarcely begun now practically if not formally over. Yesterday

(Footnote continued on following page.)

Sent Department 1501, repeated Belgrade 58, Department pass Belgrade.

SMITH

840.811/8-248 : Telegram

The Ambassador in Yugoslavia (Cannon) to the Secretary of State

SECRET

BELGRADE, August 2, 1948—7 p. m.

Deldu 27. In relatively calm atmosphere Danube Conference at third meeting today discussed rules of procedure submitted by Yugoslav delegation (doc. plen. 1) which were adopted with minor changes. For the most part they are standard rules. I saw no point in raising objections to points of detail believing that we must go on assumption conference will be fairly conducted until it is proved otherwise.

Article on voting provides for simple majority vote on all questions. French suggestion that two thirds rule apply on matters of substance was immediately opposed by Soviet bloc representatives. Vyshinsky defended simple majority rule with wealth of historical references and as much fervor as he and Molotov displayed at Paris Conference of 1946 in defending two thirds rule as only democratic procedure. I did not intervene in discussion since in practice it should make no difference, Soviet bloc having seven votes, and since I did not wish to go on record in opposition to majority rule. As French ultimately withdrew their suggestion which they did not submit as formal motion it did not come to a vote. It is difficult to see how we could have taken any defensible stand on voting question which would in itself safeguard US position at conference.

While voting article was under discussion Austrian delegation again called attention to conference's error in barring Austria from voting. In same statement Orsini-Rosenberg replied to slurs in Vyshinsky's Saturday speech concerning Austria's ties with Nazis and record in war. This immediately provoked strong and insulting speeches by Vyshinsky and Bebler harsher than original Vyshinsky remarks. As I had warned Rosenberg of just such consequences when he asked my advice last night and did not wish to prolong irrelevant controversy I did not feel inclined to enter the debate.

(Footnote continued from preceding page.)

Vishinsky proposed convention which according to course of negotiations thus far will be accepted seven to three. Significance of conference lies not so much in meeting itself nor convention it will produce but as example for Russian conduct in all negotiations in which it has majority. Vishinsky is absolute master of proceedings. Representatives USA, United Kingdom and France are pushed completely on defensive where they defend themselves with as little success as skill. . . . It is not clear how long Western representatives will wish to continue their rearguard action. If they do not show more negotiating skill, their future participation in the conference work cannot be more than successive loss of prestige for them." (840.811/8-448)

At close of session Vyshinsky submitted Soviet draft convention summarized in my next following telegram¹ and being forwarded immediately by pouch.

Sent Department; pass Bucharest, Sofia, Budapest, Prague, Vienna, Paris, London, Geneva, Berlin.

CANNON

¹ See telegram Deldu 28 from Belgrade, August 3, this page.

840.811/8-248 : Telegram

The Ambassador in Yugoslavia (Cannon) to the Secretary of State

SECRET

BELGRADE, August 2, 1948—11 p. m.

Deldu 29. Just at close of today's session, British delegate announced he would take floor tomorrow morning to reply to Vyshinsky speech on Saturday. Vyshinsky promptly and somewhat ironically announced that he would be ready to respond. Ana Pauker will be in the chair.

Local French Ambassador Payart (who is not in delegation and who knows Russians well) and I have talked to Peake this evening but he says "certain things must be said at outset".

Immediately after Vyshinsky speech I shall try to start consideration of draft convention. We are tonight analyzing Soviet draft and shall decide according to atmosphere whether to put in our draft or try to put in sections of it piecemeal as amendments or substitute articles or table a summary of it as an ancillary working paper. Also have general statement of policy ready for delivery.

CANNON

840.811/8-348 : Telegram

The Ambassador in Yugoslavia (Cannon) to the Secretary of State

BELGRADE, August 3, 1948.

Deldu 28. Summary follows draft convention on regime for navigation of Danube tabled by Soviet Delegation August 2, 1948:

Paper consists of draft convention of 42 articles, annex covering entry of Austria into Danube Commission and supplementary protocol nullifying 1921 convention and disposing of assets of former Danube Commissions.

Preamble lists countries participating present conference excepting Austria, refers 1946 CFM resolution and expresses desire assure free navigation on Danube consonant with "interests and sovereign rights of Danube states".

Chapter 1 covering general clauses contains 4 articles. Article 1 provides for free and open navigation for nationals, commercial vessels

and goods of all states on footing of equality respecting port and navigation charges and merchant shipping conditions. Article 2, convention applicable to entire navigable Danube between Ulm and Black Sea via Sulina Canal. In Article 3 Danube states undertake maintain channel through their respective territories in navigation, effect improvements and refrain from placing obstacles to navigation. Riparian states may undertake urgent works for maintenance navigation informing Commission of reasons therefore and description thereof. Article 4 obligates states permit Commission undertake works which they cannot carry out.

Chapter 2 covers administrative clauses. Section 1 (12 articles) relates to Danube Commission. Article 5 provides Commission composed 1 representative each Danube state. Article 6 provides for election officers from Commission members for 3 year terms. Article 7 defines competence Commission including (*a*) supervision in carrying out provisions of convention, (*b*) preparation estimates expenditures and works program, (*c*) execution of works carried out by Commission, (*d*) consultation with member states regarding other works, (*e*) consultation with special river administrations (Articles 17 and 18), (*f*) establishment uniform navigation conditions on entire river, (*g*) unification policing regulations, (*h*) coordination of hydrometeorological services, (*i*) maintenance of statistics, (*j*) publication necessary navigation aids and (*k*) preparation of budget. Article 8 provides for secretariat staffed by nationals of Danube states. Article 9 permits adoption budget by majority vote of members Commission and for equal annual contributions by members states for maintenance Commission. Special charges may be levied to finance works required maintain navigability. Article 10 provides for normal decisions by majority vote members present and for 5 member quorum. Article 11 specifies matters provided for in Article 7, paragraphs *b*, *e*, *f*, and *g*, shall require majority vote of all members but protects individual states against Commission majority decision to construct works on their own territory. Article 12 places Commission's seat at Galatz, Rumania but permits change at discretion Commission.¹ Article 13 grants rights of juridical person in state where Commission located. By Article 14 official languages are Russian and French. Article 15 grants diplomatic immunities for Commission members and protects official property against seizure. Article 16 grants Commission seal and flag.

Section 2 (3 articles) deals with special river administrations. Article 17 establishes lower river administration for hydrometeorological works and regulation of navigation between mouth Sulina

¹ The first meeting of this Danube Commission was held at Galatz on November 11, 1949. After the ninth meeting, December 9-17, 1953, the headquarters of the Commission were moved to Budapest.

Canal and Braila, comprised of Rumanian and Soviet representatives and located at Galatz. Article 18 establishes similar Iron Gates administrations composed of Rumanian and Yugoslav representatives with seat at Orsova and Tekia. These administrations shall act on basis agreements between participating countries. Article 19 provides for notification to Commission of Special River Administrations agreements.

Chapter 3 is devoted to regime of navigation. Section 1 (8 articles) deals with navigation. Article 20 provides for regulation navigation on lower Danube and Iron Gates in accordance with regulations of Administration. On other parts of Danube navigation regulation by riparian states concerned. Regulations of each Danube state "shall take into account basic provisions regarding navigation," established by Commission. Article 21 provides for use ports and facilities subject regulations respective states. Article 22 restricts cabotage² to locally owned vessels except as permitted by state regulations. Article 23 assures non-discriminatory application sanitary and police regulations. Article 24 provides administration customs, sanitary and police regulations by respective states with notification regulations to Commission view to uniformity. Such regulations not to impede navigation. Also provides for sealing in-transit shipments on stretches within territory single state and for exemption from customs formalities when river forms frontier. Article 25 describes regulations for police and customs vessels of riparian states. Article 26 covers use radio facilities. Article 27 prohibits use Danube by naval vessels non-Danube states. Naval vessels Danube states restricted national waters except on agreement with state concerned.

Section 2 (3 articles) covers pilots service. Article 28 provides for pilot corps in lower Danube and Iron Gates section of the respective administrations. Article 29 requires use pilots on these sections river. Article 30 limits pilots corps to nationals countries parties to administrations concerned.

Chapter 4 (10 articles) describes procedure for meeting expenses incident to maintenance navigation. Article 31 requires states finance engineering works contemplated in Article 3, and commission those covered Article 7. Article 32 permits navigation charges on vessels to cover cost maintaining navigation and erecting works. Article 33 permits special charges to meet expenses maintenance navigation and works by administrations on vessels transiting sections river under their jurisdiction. Commission shall be advised nature of charges. Article 34 limits amount charges to cost maintenance and construction.

² Local cargo and passenger traffic between ports within a state carried by ships of that state to the exclusion of this traffic to others.

Article 35 provides that Commission Danube States and Administrations shall work out schedules of charges in agreement with Commission. Basis charges is registered tonnage vessel. Article 36 provides for apportionment cost construction between riparian states where river forms frontier. Article 37 proscribes non-discriminatory treatment with respect to port dues. Article 38 provides for use port facilities on basis agreements with "appropriate transportation and expediting agencies" and for non-discriminatory treatment with respect to charges. Special rates granted on basis volume traffic and nature cargo declared not discriminatory. Article 39 exempts transit traffic from charges. Article 40 provides for fixings schedules of pilot charges by respective administrations.

Chapter 5 (2 articles) contains final clauses. Article 41 provides reference disputes between parties to convention regarding its application and interpretation at request either party to Conciliation Commission consisting 1 representative each party and 1 appointed by Chairman Commission from nationals of Danube states not parties to dispute. Decisions of Conciliation Commission are binding on parties to dispute. Article 42 provides convention shall become effective on deposit 6 ratifications.

Annex to Article 5 provides Commission membership for Austrian representative after settlement question treaty. Annex becomes effective simultaneously with convention and forms integral part thereof.

Supplementary protocol consists of 5 paragraphs:

One nullifies former Danube regime and international acts establishing it, particularly 1921 convention.

Two transfers to lower Danube administration all property of European Commission of Danube.³

Three cancels all obligations of European Commission concerning payment of credits granted it by various states.

³ The European Commission of the Danube for control of the maritime course of the river was provided for in the Treaty of Paris signed on March 30, 1856; for text, see *British and Foreign State Papers*, vol. XLVI, p. 8. Later modifications of the Commission are noted in *Foreign Relations*, The Paris Peace Conference, 1919, vol. XIII, pp. 665-667. The powers of the European Commission were modified and weakened in favor of Rumania by the Protocol signed at Sinaia on August 18, 1938, and by the admission of Germany according to the Convention signed at Bucharest on March 1, 1939. (See Department of State, *Documents and State Papers*, vol. I, no. 4 (July 1948), pp. 269-273.) The functions of the Commission were interfered with by Germany and the Soviet Union during the second World War, and it was in effect dissolved. Although abolished in the Convention that was finally adopted in Belgrade on August 18, 1948, this action was not recognized by the United States and other European powers. The old European Commission met again in Rome in March 1953, and has since at times continued to meet there in exile for the limited purpose of arranging for payments, out of assets still existing in western European countries, of the Commission's debts and of the annuities due to former employees.

Four cancels obligations former International Commission of Danube⁴ and former Iron Gates Administration.

Five transfers to new Commission property former International Commission and to Iron Gates Administration property former administration for that section.

CANNON

⁴ The International Commission of the Danube for control of the fluvial portion of the river had been provided for in article 347 of the Treaty of Versailles signed on June 28, 1919; for text, see *Foreign Relations*, The Paris Peace Conference, 1919, vol. XIII, pp. 57, 664. The Convention Instituting the Definitive Statute of the Danube was signed at Paris on July 23, 1921; for text, see League of Nations Treaty Series, vol. xxvi, p. 175. It was forced to cease its activities during the second World War and its functions were carried on by other bodies dominated by Germany or the Soviet Union. (See Fred L. Hadsel, "Freedom of Navigation on the Danube," Department of State *Bulletin*, June 20, 1948, pp. 790-791.) The Convention that was finally adopted at the close of the Belgrade Conference on August 18, 1948, abolished the International Commission of the Danube, but this decision was not recognized by the United States and other European powers.

840.811/8-348: Telegram

The Ambassador in Yugoslavia (Cannon) to the Secretary of State

SECRET

BELGRADE, August 3, 1948—3 p. m.

1037. Following is summary memorandum of conversation between Reams and Yugoslav contact close to Yugoslav Government delegation Danubian Conference:

Yugoslav delegation considers three initial mistakes have greatly imperiled chance of successful conclusion new convention. They are: Vyshinsky's attitude on language question, hasty introduction by French reservation their rights and British general attitude opening days. Yugoslavs regret Bebler's remark that it was anti-democratic for US-UK to be present at conference.

They believe within next few days French and probably British will walk out of conference on some issue. They feel that Peake's coming encounter with Vyshinsky today will further complicate matters. If west walks out new convention will be concluded any way since two-thirds of delegates would remain. This convention would be based on Soviet draft despite fact Yugoslavs also have draft ready for presentation. Soviet draft will in any case be working document. He stated that although it would make little difference to the east if west walked out Yugoslavs would naturally prefer to have convention agreed to by all parties. Contract urged moderate course and stated Yugoslavs highly approved Ambassador Cannon's generally reserved position.

Contact raised point as to why nonriparian powers included in present convention had not been invited to attend conference. He insisted this was because of an American initiative. Throughout convention Reams had maintained position he was not connected with

American delegation and did not know too much about their thinking. On this point Reams stated he felt personally certain the American Government would have welcomed participation of any countries interested in Danubian conference.

CANNON

840.811/8-348 : Telegram

The Secretary of State to the Embassy in Yugoslavia

SECRET
US URGENT
NIACT

WASHINGTON, August 3, 1948—4 p. m.

447. Dudel 16. In view Vyshinsky technique which may bring conference to early conclusion Dept considers urgent US position be set forth unmistakably and that vital issues be brought to head. Main issue believed to be western power participation new regime. This will be test Soviet willingness negotiate acceptable instrument. This rather than details decisive issue.

US will not recognize jurisdiction over Austrian and German Danube without western representation. Western power participation accompanied by arrangement for resolution disputes by appropriate UN body essential.

You should state that Danube now dead waterway as result Soviet policies and you should expose Soviet monopolistic and imperialistic designs in Danubian States. US desire to establish unrestricted trade as being in best interests riparian states should be made crystal clear. Believe you should propose conference consideration US draft convention along with Soviet draft, releasing US draft to press simultaneously.

In view prominence Vyshinsky and in absence statement US position US press devoting attention almost exclusively to Soviet and satellite positions. Absence so far US rebuttal Vyshinsky attack on West giving impression Soviet bloc has some moral basis for effort to eliminate Western nations from Danube affairs. Concern felt here that public receives impression Soviet accepting freedom of navigation while in fact Danube becomes Soviet river. Appearance that Western powers easily eliminated from Danube affairs may effect other east-west negotiations. US Delegation should capitalize on eastern rift by emphasizing Soviet monopoly Danube states.

MARSHALL

840.811/8-348 : Telegram

The Ambassador in Yugoslavia (Cannon) to the Secretary of State

SECRET

BELGRADE, August 3, 1948—7 p. m.

Deldu 30. Today's meeting of Danube conference was taken up entirely by Peake's reply to Vyshinski's Saturday speech (Deldu 23 August 1) and latter's rejoinder.

Peake's strongly worded statement took up series of legal points made by Vyshinski, giving Britain's view that 1921 convention still in force not invalidated by conclusion Sinaia and Bucharest agreements of 1938 and 1939. Peake stoutly denied charge of issuing ultimatums and, subject imperialism, mentioned fifty-fifty companies and Soviet conduct at present conference, asking latter to judge which was the imperialist power in Danube area. Speech was levelled at Vyshinski personally and contained statement that UKDel would never dance to the crack of latter's whip.

In noticeable change of tactics Vyshinski, replied at length on legal points, but angry torrents insulting language of his earlier statements were less in evidence, although Peake's speech seemed destined to provoke just such a reaction. He closed with remark that conference would judge what power could properly be charged with treating Balkan states as cook deals with potatoes.¹

Now that rules of procedure and acrimonious Peake-Vyshinski exchange are out of way, general debate on convention will begin tomorrow when Vyshinski introduces Soviet draft. As fourth speaker following USSR, Yugoslavia and Czech, I intend to make general exposition of U.S. policy stressing our firm view that interests of nonriparian states must be adequately represented on proposed Danube commission.

Sent Department. Department pass Moscow, Bucharest, Budapest, Sofia, Vienna, London, Paris, Geneva, Prague, Berlin.

CANNON

¹ In an unnumbered telegram from the Embassy in London on August 7, 1948, 4:50 p. m., a summary of an editorial on this incident which appeared in the *Milwaukee Journal* on August 4 was sent to the Embassy in Belgrade. The editorial described how Vyshinsky had accused the British of treating Danubian states in the manner that a cook would treat potatoes. Sir Charles Peake commented that this was "a vivid and homely phrase, but I ask you who is cook here." At this, Vyshinsky puffed out his chest and, pointing to himself, retorted vastly pleased, "We shall see who is cook and who are potatoes."

S40.811/8-348: Telegram

The Secretary of State to the Embassy in Yugoslavia

SECRET US URGENT

WASHINGTON, August 4, 1948—7 p. m.

455. Dudel 21. Your summary Soviet draft received today. (Deldu 28, Aug 3) Text received via Brit[ish]. Preliminary views re this draft as follows. Soviet draft differs U.S. position on major issues. Technical details of no political significance pose no serious problems.

Most important issues crystallized by Soviet draft are (1) Western Power participation in new regime, (2) relationship to United Nations, (3) privileges and discriminatory practices present Soviet controlled companies.

Dept considers most notable features Soviet draft are: (a) lack of adequate safeguards for shipping and commerce against local dis-

criminary and preferential practices; (b) total exclusion of non-riparian states from membership on the commission; (c) no provision for membership of Germany now or later; (d) exclusion of Austria until peace treaty arranged; (e) no provision for participation of occupying Powers during occupation; (f) no obligation placed upon states to carry out commission decisions by adoption of legislative or administrative actions; (g) inadequate assurance of uniform navigation, police or sanitary regulations throughout river; (h) complete omission of any reference or tie to United Nations; (i) smallness of quorum (5 states) for commission to do business; (j) no requirement regarding frequency of commission meetings; (k) no provision for amendment as required by Council Foreign Ministers Declaration.

Important points omitted Soviet draft are: (a) no protection for for in-transit vessels being forced into ports and made to unload cargoes; (b) no prohibition of call or port dues; (c) no permission for navigation companies to establish agencies in ports; (d) commission not entitled to examine complaints regarding application of convention or river practices; (e) commission not authorized to make study trips on river; (f) states not obligated to give commission full cooperation and facilities; (g) no protection of ships' fuel and stores being taxed or licensed; (h) vessels not protected against being held for unreasonable lengths of time for examinations and petty charges; (i) no mention of free port; (j) no section on navigation courts or exaction of special bail.

MARSHALL

840.811/8-448: Telegram

The Ambassador in Yugoslavia (Cannon) to the Secretary of State

SECRET

BELGRADE, August 4, 1948—9 p. m.

Deldu 31. General debate on Danube Convention opened today with Vyshinski's presentation of Soviet draft followed by Yugoslav and Czech speeches. I am next on list of speakers and shall make statement of US position at start of tomorrow's meeting.

Vyshinski pointed out differences between Soviet draft, which respected sovereign rights of Danube nations, and 1921 Convention which gave Western Powers privileged position, repeating latter no longer in force. Most important difference was composition of Commission, which Soviet proposal restricts to Danube states. USSR, he stated, was a Danubian state. Vyshinski also made point that regime would apply only to Danube proper, not to tributaries and canals (Article 2).

Bebler and Clementis,¹ giving fulsome praise to Soviet draft, said

¹ Vladimir Clementis, Foreign Minister of Czechoslovakia, and Chairman of its delegation to the Belgrade conference.

they had no changes to suggest in this perfect instrument. Both stated that the Conference should accept it in principle. Their arguments followed familiar line on western imperialism and sovereign rights of Danube nations laid down by Vyshinski. Bebler stated that in contrast to past, Danube no longer being used for purposes of imperialist penetration, and Soviet draft recognized that situation. My statement tomorrow contains a refutation of this thesis, which has been principal theme of Soviet bloc at Conference.

After all delegates have made general statements, discussion on Convention probably will proceed in committee, as Vyshinski suggested during his remarks today.

Sent Department. Department pass Moscow, London, Paris, Bucharest, Sofia, Budapest, Vienna, Geneva, Praha, Berlin.

CANNON

840.811/8-448 : Telegram

The Ambassador in Yugoslavia (Cannon) to the Secretary of State

SECRET US URGENT

BELGRADE, August 4, 1948—midnight.

NIACT

1050. Deptel 447, August 3. Herewith my comments both as delegate and as Ambassador from standpoint Embassy and our future east European political relations.

We are all agreed our larger strategy in current and prospective east west negotiations must control our tactics there and that they in turn will help to shape Soviet appraisal our ability carry through our statements of policy in other areas. It is for these reasons I prefer give impression here of willingness to negotiate with patience, firmness and fairness and with as much consideration for rights and views smaller powers as can be summoned.

Delegation believes there is no present intention Soviets to terminate or force termination conference immediately. As soon however as I take stand of insistence on western representation and resolution disputes by UN body conference will to all intents and purposes be over. Discussion will immediately shift from substantive clauses Soviet draft to attack on US position and will continue until we permit our proposals to be brought to vote and/or leave conference. Soviet delegation and satellites are already so strongly committed to exclusively riparian commission that no compromise on this issue is likely. On opening day, Vyshinsky made clear that convention would be concluded even if minority opposed. If western powers should leave conference I am convinced remaining delegations would continue business promptly accept Soviet proposals.

Tonight British strongly urged that our draft convention which I showed them Monday be tabled to provide alternative basis for dis-

cussion and to derive publicity value from detailed statement western position. I have been reluctant to table draft both because of Dept position that USDel should not at this particular conference take lead in opposing Soviets and for practical considerations. In view Dept feeling that draft should be tabled, however, I have decided to place it before conference tomorrow having understanding with Peake that British will expand their statement of principles into something approaching a working draft and will table it when their turn comes to speak.

Our draft has been revised and tightened up. Full text will follow.

At tomorrow's session I will make general US positional statement (text follows ¹) in which I summarize constructive ideas embodied in our draft and criticize Soviet text. I shall also discuss political themes demonstrably relevant to subject and to debate thus far. This statement, together publication US draft should assist US and world press understand nature issues involved.

After all delegations have made general statements (probably Thursday or Friday ²) I feel it preferable if we can devote some days either in plenary or committee in support our position and in demonstrating inequities in Soviet draft. It is only at end this discussion that I recommend insistence on non-riparian membership and disputes issues. My stand on these points together with guarantees for rights of small powers represented and not represented at conference and exposure of Soviet imperialism must climax our debate.

We have carefully considered within delegation relative merits of forcing break in conference on issue of our choosing or of sitting it out to end. On balance I am certain we should adopt latter course and avoid withdrawal. Vyshinsky tactics in opening sessions were clearly directed towards inducing western delegations to leave conference, thereby permitting Soviet propaganda to exploit alleged unwillingness western powers to negotiate question on merits and leaving Soviet-controlled conference free to adopt pre-agreed convention. Our withdrawal at any stage in my opinion plays into Soviet hands and I feel we should resolve to see conference through and debate each issue as it arises. I propose to follow this course unless Dept directs otherwise.

French and British delegations not so staunchly determined to see conference through and their attitude may require occasional strengthening. We shall endeavor to persuade French and British not to withdraw at any stage. If Dept concurs I suggest it seek to strengthen resolution French and British Govts in this respect. I doubt that British or French will withdraw without assurance that we will follow

¹ *Infra.*

² August 5 or 6.

but would appreciate Dept's views re course I should follow if faced with such development.

If we remain to end of conference I propose to force vote on each controversial issue in convention and in final session to declare inability US Govt to sign act which in our view completely fails implement CFM resolution and treaty provisions. I will utilize final session for strongest possible attack on Soviet railroading tactics at conference and imperialistic Soviet policy in Danube nations.

CANNON

840.811/8-548 : Telegram

The Ambassador in Yugoslavia (Cannon) to the Secretary of State

U.S. URGENT

BELGRADE, August 4, 1948—midnight.

Unnumbered. From Dustmann for Michael McDermott and Dunning. For release after 3 a. m. Washington time.

Statement of the Hon. Cavendish W. Cannon, Chairman, US Delegation, Danube Conference at 9 a. m., August 5, 1948.

"The task of this Conference is to implement principles to which all our governments have already pledged agreement in the treaties of peace between the Allied and Associated powers and Rumania, Bulgaria and Hungary. The Government of the US has vigorously advocated these principles since the end of the war. We have gathered here to establish international arrangements covering the entire navigable Danube, which will in fact assure freedom of navigation to all nations on a footing of equality.

I hope that the political factors which have engaged much of our attention since this Conference opened will not divert us from this objective. I acknowledge that in making this assertion I differ from the opinion expressed by the Soviet Delegate that the problem of this Conference is essentially political. I think it would be most deplorable if we persist in making it so. We Americans are practical people. Let me say at the outset that we want ships of all flags to move up and down the river. We consider that this Conference should work out a system to restore a once flourishing traffic, and, by its further development, to speed the recovery of Europe. The welfare of the peoples of the vast region served by this great waterway, and the development of its resources, are necessarily dependent upon the facilities for meeting the urgent need of supplies of many kinds, and for the exchange of goods. These peoples will measure the success or failure of our work here by the realities of its contribution to economic progress.

Every state represented here has something to contribute in accomplishing this task. Every state represented here has a real and legitimate interest in the Danube. To the riparian states the Danube is a

vital artery of trade with one another and with other parts of the world. Others have a direct economic interest because of their trade and shipping, actual and potential. Many are parties to previous international conventions relating to navigation on the river. The US believes that any international regime established by the Conference should take fully into account the interests of all these states, whether riparian or non-riparian.

Clearly, the riparian states have a primary interest. The Danube, however, has long been recognized as an international highway open to the trade of all nations. The US is of the firm opinion that provision should be made for the representation of the legitimate interests of non-riparian states on the International Commission established to carry out the provisions of a Danube convention. We are convinced that such representation, by virtue of its basic importance for expanding trade and shipping activity, is equally in the interests of the peoples who live along the Danube.

We do not admit that non-riparian representation can justly be termed a 'privileged position' as was stated yesterday by the Soviet Delegate in his résumé of his proposed draft. On the contrary, an important reason for my Government's strong conviction in favor of non-riparian representation lies in the dangers inherent in exclusive control which can too easily be misused for the privileged interest of one country or a limited group of countries at the expense of all others. This has been demonstrated to the detriment of riparian as well as non-riparian states, both in the distant and in the recent past.

The US interest in the Danube is based upon several considerations in addition to its role as a sponsor of this Conference.

The share of the US in achieving the common allied victory in Europe is well known to every delegate seated around this table. More important, however, for the purposes of our discussions here, is the unprecedented material contribution made by the American people to Europe in recent years. This is proof of our determination to assist the European peoples in the reconstruction and the development of their economies.

Even more pertinent is the flow of billions of dollars of goods and equipment from America which my Government is currently making available under the European Recovery Program.¹ This great undertaking proves the determination of the US to continue to contribute to the improvement of the welfare of *all* European peoples. It is based on the conviction that economic health is a prime condition for peace. As a signatory to the peace treaties which are already in effect, the

¹ For documentation on the Marshall Plan, and the carrying out of it in the European Recovery Program, see *Foreign Relations*, 1947, vol. III, pp. 197 ff., and *ibid.*, 1948, volume III, under the European Recovery Program.

US has a joint responsibility with other signatory powers to ensure the effective and adequate implementation of the principles of freedom of navigation. A similar provision has been agreed upon for incorporation in the Austrian Treaty. The US has the responsibility of participating directly in the problems of the Danube by reason of what is still a provisional situation as regards the treaty with Austria, and by reason of the American occupation of that zone of Germany through which the navigable Danube flows. This latter responsibility will continue until a sovereign German Government is established and is granted full participation in a Danube regime.

The charge, which has been made several times in this hall, that the United States has espoused the principle of freedom of navigation in order to dominate smaller Danubian nations has no foundation whatever, as those who have made it are well aware.

I have spent much of my life in this part of Europe. I was in Belgrade 28 years ago in a post-war period when these countries had to grapple with many of the problems of economic dislocation which are vexing them today. I was again in Belgrade in April 1941 when parts of the city and of the river port were destroyed by German bombs, and when the debris of bridges and river craft choked the river.² I know something of the general economic problems of these Danubian nations, and their hopes for economic progress. From this personal experience let me express to the Conference my deep conviction that no people, no nation in this part of Europe, is really afraid of American domination.

Given good will and consideration for the views of all states represented here, this Conference is surely competent to write a convention with sufficient safeguards against interference with the independence of individual countries and against exploitation of any kind.

Our goal is a convention acceptable to all the nations represented at this table. I agree heartily with the Soviet delegate when he says that no delegation should attempt to impose its will on the conference. We are here to negotiate, I repeat, to negotiate, an agreement. Only by agreement can we hope to fulfill the objective of a regime implementing the principles to which all of us are already committed.

I was surprised at our session yesterday to hear the Yugoslav delegate assert that the Danube is no longer being used for purposes of economic penetration. I would ask the indulgence of the Conference to present briefly some evidence to the contrary.

The Soviet Union has put into operation a system of shipping and other transportation and development companies in several Danube states with varying degrees of Soviet ownership and in most cases

² In regard to the invasion of Yugoslavia by Nazi Germany, see *Foreign Relations*, 1941, vol. II, pp. 937-984.

effective Soviet control. These companies conform to a familiar pattern. In the first place, they have generally been given privileged treatment in terms of business taxes and rights to import goods without licenses or duties. Thus, these companies, in effect, have been granted special privileges and have been subsidized by the Danubian governments.

These companies not only dominate the Danube fleets in the various countries, but more important, have obtained control of most of the useful ports and dock facilities. Loading stations, factories, dwellings, warehouses, elevators, railroad and communication connections, have been put under the control of these companies. This type of control is certainly not needed for the purpose of efficient shipping operations. It is clear that this virtual monopoly of facilities can be used at will to make available, or to deny, the essential facilities of the major Danubian ports to ships of other nations, even including other riparian nations. I ask the Conference to give special attention to article 38 of the Soviet draft in the light of these conditions.

Let us now look at the American record. The United States has had military control over 275 miles of the river in Germany and Austria for over 3 years. The United States has at no time attempted to gain monopolistic control for itself or for anyone else, and has not taken advantage of its occupation role to secure any commercial gain from the river.

Repeatedly during the debates which have taken place at this Conference the importance of the sovereignty of states has been stressed. The United States recognizes and respects such sovereignty, and has no intention of advancing any proposals limiting or curtailing the right of any state independently to judge its interests and rights and to act accordingly.

We believe there are certain important provisions which a new convention should contain. We think that it should include not only the necessary statement of free and open navigation, but the even more important provisions for achieving this objective. Accordingly, definite provisions should be made to provide equal right of access to ports and facilities for the commercial vessels of all nations. Navigation companies should be allowed to engage in commerce and to establish agencies along the river. These provisions for operation should not be crippled by qualifications which would, in their effect, limit the use of the river to the ships of certain privileged nations or privileged companies.

Concomitant with our belief in the urgent need for strong provisions looking towards free and open navigation and a commission with non-riparian representation, the United States is of the view

that there should be a clear statement of the functions of the Commission.

The Commission should provide for continuous study of conditions of navigation and commerce, and in addition should have power itself to look into such matters first-hand. The Commission should be empowered to make recommendations on proposals concerning navigation, commerce, and the use of water resources; draw up navigation, sanitation and police regulations with the objective of achieving uniformity for the whole course of the Danube; recommend uniform conditions for pilots' and navigators' licenses, crews' papers, *laissez-passer* arrangements and safety requirements; and have a secretariat chosen in such a way as to secure the widest representation from states members of the Commission. It should consider any complaints and questions relative to the interpretation of the Convention.

The United States considers that the proposed Danube Commission should be brought into association with appropriate organs of the United Nations. We should be glad to hear suggestions from other delegations regarding the form which such association might take. It is particularly unfortunate that we do not have present here observers representing the United Nations. Because of the refusal of the Soviet Government to join the other three sponsoring powers in acceding to Secretary-General Lie's request to send observers, no invitation could be issued.

*On one especially important point, the settlement of disputes, we feel that the Convention should make specific reference to the United Nations. Differences regarding interpretation or application of the Convention should, in accordance with provisions of the United Nations Charter, be submitted to appropriate international bodies for arbitration or judicial settlement.

In accordance with the resolution of the Council of Foreign Ministers of December 1946, provision should be made that the Convention may be amended by a conference composed of representatives of all parties to the present Conference. Other states which may have become parties to the Danube Convention should also be represented at such a conference.

We have examined with great interest the draft convention submitted on Monday by the Soviet delegation. As is evident from my outline of the approach of the United States Delegation, there are points where we seem to be in agreement. But we find that in general the Soviet draft is inadequate to assure that freedom of navigation to which all of us are committed.

If, as the Soviet delegate has suggested, detailed discussion may be undertaken in a committee, the U.S. Delegation will want to ask the

Soviet delegation for clarification of a number of points. For the moment, I shall limit my remarks to some of the major items.

We consider that the Soviet Union's draft provisions on membership and organization of the Commission are wholly inadequate. We do not feel that a Commission established at Galatz upon the ratification of six riparian states, with vague functions and with two special regional administrations would meet the interest of the peoples of the Danube area or the requirements of world commerce. Moreover, there does not appear to be effective provision for the right of ships of all nations to operate on the Danube.

The Soviet draft gives inadequate recognition to the rights of one of the principal Danube states, Austria, in that it does not provide for immediate Austrian accession to the Convention. The draft likewise has no provision for eventual German participation. No mention is made of the United Nations. It is thus apparent that there are a number of matters of substance on which the views of the United States and Soviet delegations are at variance. In our joint efforts to reach agreement and solution it may be of assistance to the Conference to have the United States views in the form of a draft convention. Accordingly, I have had such a draft prepared and will transmit it to the Secretary General for circulation to the Conference delegation."

[Dustmann]
CANNON

840.811/8-448: Telegram

The Secretary of State to the Embassy in Yugoslavia

SECRET NIACT

WASHINGTON, August 5, 1948—7 p. m.

459. Dudel 24. Brit Emb has asked urgent US comments on proposal of Peake, in which Fonoff concurs, that Brit Del introduce resolution conference as follows:

"The conference recommends that in order to obtain a decision on the present validity of the convention instituting the definitive Statute of the Danube signed at Paris on July 23rd 1921, the Governments of (names to be inserted) should sign an agreement in the following terms.

1. The Governments of (names to be inserted) having regard to Articles 36 (1) and 40 of the Statute of the Court and Articles 32 and 72 of the Rules of Court agree to submit to the International Court of Justice the following question for decision:

What international agreements relating to navigation on the Danube are now in force and which States are parties to those agreements?

2. The parties request that the above question shall be decided by the Chamber for summary procedure.

3. The present special agreement shall take effect immediately and may be notified to the Court by any of the signatory governments."

In putting forth this proposal Fonoff states that it has considered Peake's suggestion that resolution include alternative that dispute be submitted to arbitration but, while there is no objection to Peake supporting such an arbitration procedure if other delegations prefer, Fonoff believes arbitration would necessarily involve considerable delay and could be attacked by Soviets as stalling tactic. Fonoff recognizes unlikely Soviet delegation accept either court reference or arbitration but feels court summary procedure less subject attack that ground and conceives court proposal as useful in establishing in eyes of world correctness of position Peake has already taken concerning Brit rights 1921 convention.

Having in mind expressed purpose conference to establish new convention to provide for free navigation of Danube in future Dept doubts desirability overemphasizing British-French line of insistence past rights. In our opinion, which we have previously indicated, western delegation should concentrate efforts toward future free navigability Danube and draw conference issues on basic conflicts between Soviet and western intentions that regard. (Dudel 21, Aug 4) Such concentration in accordance general western objectives and we think more likely receive public endorsement than protests against abrogation 1921 rights, exercise of which appears unrealistic in this case, regardless of legal validity.

However, as Brit apparently feel strongly in matter Dept not disposed endeavor dissuade them from proposed course and prepared support resolution for reference to court if introduced. In that event you should take line that US welcomes full use of machinery provided by UN for settlement of disputes and concurs in proposal that conference by adopting Brit resolution recommend submission of this dispute to court by disputing governments, USSR, UK and France. In so doing, you should make clear that US Del in supporting recommendation does not suggest that US join in submitting case to court inasmuch as US not directly party to dispute or to 1921 convention, but that, with particular reference to US status as an occupying power in Germany and Austria, US will reserve right to avail itself, to the extent such action may become advisable, of appropriate provisions of statute of court in regard to participation of interested states or otherwise.

For your background, Dept considered desirability, on basis common western front, proposing US become participant in dispute with UK and France. However, we have concluded that such course would be confusing in light general understanding US not party '21 convention and our feeling that, in unlikely event subsequent desirability US representation before court as occupying power, our rights adequately protected by Articles 62 and/or 63 court statute. Also feel those

Articles similarly safeguard interests other 1921 signatories, Belgium, Italy and Greece.

Substance this tel being furnished Brit Emb response Emb inquiry.

Sent Belgrade as 459 rptd London as 3101 re London's 3516, Aug 4 and Paris as 2999.

MARSHALL

840.811/8-448: Telegram

The Secretary of State to the Embassy in Yugoslavia

SECRET US URGENT

WASHINGTON, August 6, 1948—1 p. m.

NIACI

461. Dudel 25. Dept wishes express appreciation your excellent presentation U.S. position Plenary Session Aug 5. Believe statement covers all essential and significant points emphasizing U.S. interests in both promotion welfare Danubian peoples and legitimate rights other states. Your unruffled tone balanced by strong resistance Soviet propaganda attacks fully approved by Dept. Press gives extensive coverage and reflects same appreciation stand you have taken.

Dept thoroughly concurs procedure outlined in your niaci 1050 Aug 4. In our opinion your decision avoid break in Conference sound position in view Soviet tactics opening sessions and present outlook. We concur in belief that Soviet and satellites not likely concede on major issues. Essential western powers agree orderly conclusion of Conference. In this connection we approve your plan forcing each controversial issue to clear cut vote and to make strongest statement explaining why U.S. Govt cannot sign a convention which completely fails to implement CFM resolution.

This tel together with your niaci 1050 being rptd Paris and London for discussion Brit French Fonoffs in order to make US position entirely clear and urge Brit French remain in conference with US until conclusion as outlined. Embs London and Paris should impress Fonoffs US not prepared withdraw Conference basis issue reference status 1921 convention to court or arbitration discussed Dudel 24, Aug 5, rptd London as 3101 and Paris as 2999. In event Brit and French do not concur this procedure we desire coordinate positions prior to withdrawal by any one of the three. (Paris and London hereby instructed discuss Brit French Fonoffs and report Belgrade and Dept.) Dept assumes you will have opportunity to advise us in event Soviet move to end Conference abruptly by calling vote on Soviet draft as a whole.

MARSHALL

840.811/8-648 : Telegram

The Ambassador in Yugoslavia (Cannon) to the Secretary of State

SECRET

BELGRADE, August 6, 1948—5 p. m.

Deldu 36. Today's Danube conference meetings, hereafter at Rumanian suggestion be held twice daily,¹ were devoted to general policy statements by US, French, Hungarian, Ukrainian and Bulgarian delegations. Text my statement sent forward Embassy's unnumbered, midnight August 4.

Thierry's declaration almost entirely confined to legal arguments in defense of thesis that 1921 convention still in force. He attempted to show that convention not annulled or abrogated by: 1, Sinaia and Bucharest agreements; 2, CFM declaration of December 1946; or 3, 1947 peace treaties. In concluding Thierry stated France willing to negotiate new convention in light of new circumstances and of aspirations of Danube states, but must reserve rights under 1921 convention still legally in force until abrogated with consent of signatories including Italy, Greece, and Belgium. He supported British suggestion that these countries be invited to join conference.

Hungary and Bulgaria speeches added nothing to those of Bebler and Clementis yesterday (Deldu 31, August 4).² Both condemned iniquitous 1921 convention, which facilitated imperialist penetration, and praised Soviet draft, which precluded such penetration. Both accepted latter as basis for discussion at conference.

Szanto, Hungarian deputy, agreed with Clementis that Hungary and Czechoslovakia will submit proposal for special bilateral arrangement as envisaged in Soviet draft on stretch of Danube where it forms boundary between them.

Baranovsky of Ukraine who requested postponement at morning session to gain time for preparation was first Soviet spokesman to react to my statement. In supporting Soviet draft he attacked US on several points, especially ERP which came in for customary excoriation as plan for US imperialist expansion in Europe. He also mentioned exclusive US control Panama Canal, about which we shall probably hear more later. He denied Danube not open to ships of all

¹ The meetings here referred to were held on August 5, in the morning at 8:30 and in the evening at 6. The proposal that meetings should be held twice daily had been made by Ana Pauker, head of the Romanian delegation, in the fifth plenary session on August 4.

² The speeches by Alesh (Aljes) Bebler, the Assistant Minister of Foreign Affairs of Yugoslavia, and by Vladimir Clementis, the Minister of Foreign Affairs of Czechoslovakia, had been made at the fifth plenary session on August 4. The speech by Zoltan Szanto, the Hungarian Minister to Yugoslavia, was made at the sixth plenary session on August 5, and that by Evgeny Kamenov, the Assistant Minister of Foreign Affairs of Bulgaria, was given at the seventh plenary session on August 5.

nations. Baranovsky held that concept underlying US draft hostile to democracy and sovereignty of Danube states.

All Soviet bloc spokesmen stressed need to limit administration of Danube regime to riparians. Ukraine and Bulgaria both asserted dual status as Danubian and riparian states.

At morning session Yugoslav delegation circulated proposal that conference resolve itself into committee of whole to draft convention using Soviet draft as basis of discussion. After US draft tabled proposal modified to direct committee to consider all drafts before conference. After last speech at evening session Bebler proposed that since majority of six delegations have accepted Soviet draft further speeches unnecessary. Rumania and UK have not yet spoken on Soviet draft. He suggested Soviet draft be used basis of discussion in committee and that articles be taken up seriatim with corresponding US proposals considered as suggested amendments. Vyshinski, who has been playing role of defender of opposition right to expression of views, rose to oppose proposal and insisted remaining inscribed speakers be heard. At same time he announced he would reply to comments on Soviet draft, which we take to be announcement of first outright attack against US.

Throughout speeches on Soviet draft complete subservience of satellite delegations to Vyshinski leadership has been striking. Satellite spokesmen have expressed no single difference with Soviet proposals, have shown no initiative or originality whatever, and have obediently parroted principal Vyshinski arguments while occasionally introducing some obscure piece of evidence obviously supplied by Vyshinski's energetic researchers. Whole performance is reminiscent of well oiled precision and unanimity of USSR Supreme Soviet.

Sent Department. Department pass Moscow, London, Paris, Bucharest, Sofia, Budapest, Vienna, Geneva, Prague, Berlin.

CANNON

840.811/8-648 : Telegram

The Ambassador in Yugoslavia (Cannon) to the Secretary of State

SECRET

BELGRADE, August 6, 1948—midnight.

Deldu 39. Speeches by Pauker, Peake and Vyshinski took up entire session of Danube conference today.

British delegate submitted to conference yesterday four-page document on "principles on which a new Danube convention should be based", not in form draft articles. Document lists points UK believes should be included in new Danube convention, including (1) freedom of navigation on footing of equality; (2) definition of Danube system

as in 1921 convention; (3) commission with effective powers to maintain international character of river; (4) adequate safeguards to ensure freedom of navigation and exercise by commission of its functions; (5) association of commission with UN through submission of annual report to ECE or ECOSOC; (6) provision for future adherence of Austria and Germany; (7) abrogation of 1921 convention and earlier treaties on Danube with consent of all signatories thereto. No reference is made to composition of commission.

Peake made same points in speech today and also put in proposal on submission of disputes to International Court with alternative versions, providing in place of court, a tribunal composed of one member named by USSR, a second by UK and France, and a third by President of International Court. When these proposals are discussed, probably tomorrow, I shall be guided by instructions in Deptel 459 Dudel 24, August 5. Vyshinski has already announced his opposition, saying British proposals pointless, since majority of conference considers 1921 convention dead.

Pauker, in supporting Soviet draft convention repeated old arguments about prewar exploitation of Rumania by Western Powers through European Danube Commission and new freedom of Danube nations under leadership great Soviet Union. She then denied US had any right to participate in Danube River regime, saying new democracies would not permit dollar imperialism to do there what it was doing in Greece, China, France and Italy.

Vyshinski then delivered one hour speech on various points made by British, French, and US general statements of position. Most of his remarks were directed at my statement of yesterday and our draft convention. On three major issues he stated that commission membership must be limited to riparians, that US draft gives to commission powers which must be left to riparian states, and that there could be no association of Danube regime with UN. On commission membership he cited historical precedents beginning with 1815 various authorities on international law, and "sovereignty" of riparians. He stated Danube regime could not be put under "control" of UN body such as ECOSOC and thus under control of non-Danubian states.

Other points made by Vyshinski were following: (1) Our Article 1 contrary to CFM decision on Peace Treaty Article incorporated in Soviet draft as Article 1. (2) Immediate admission of Austria into Danube Commission proposed in US draft, contrary to CFM decision of December 1946. (3) US has had no commercial interest in Danube, present interest being obviously political despite US statement yesterday that Danube economic and technical rather than political question. (4) No question of Soviet domination or control through joint

shipping companies in Rumania, Hungary and Yugoslavia, since these operate under local laws, have local chairman, grant USSR no preferences, and are based on treaties between sovereign states. (5) Articles 1, 20, 37, and 38 of Soviet draft refute US charge that draft does not ensure nondiscrimination.

Vyshinski's speech was moderate in tone and couched in language of rational argument rather than invective. However, I thought it necessary to make special request to reply to it, since this will be best opportunity to refute his arguments and state strong points of US case before conference goes into commission to discuss draft conventions.¹ Our statement is first item on tomorrow's agenda.

We are bearing in mind that a break may come soon, especially after Vyshinski statement in speech today that everything in US draft which was acceptable could be found in Soviet draft and whatever was not in Soviet draft could not be accepted either by USSR or by other six riparians.² Western Powers might regard this frank statement that there is nothing to negotiate as calling for immediate final showdown without going into committee discussions at all. Delegation still thinks, however, that while being prepared for break if situation so develops, we should proceed on basis of participation in committee sessions, arguing essential points of US case strongly throughout. We suppose Soviet bloc will stand tight, in which case we shall try to hasten return to plenary for final declaration. We believe this may necessitate some change in tactics having in view eventual breakup if committee work looks like involvement in non-substantive intricacies. It would be most useful to know how discussions Moscow and Berlin would be affected if we find it not to our advantage from viewpoint this conference to hold on indefinitely.³

British and French delegates are with US in recognizing need coordinated strategy (Dudel 25 August 6) on part all three delegates as climax of conference approaches.

Department pass Moscow, London, Paris, Bucharest, Sofia, Budapest, Berlin, Prague, Vienna, Geneva.

CANNON

¹ The General Committee sessions began on August 9. There were fourteen sessions held through August 17.

² Vyshinsky was recorded as declaring: "I would say in general that what is acceptable in the U.S. draft can be found in the Soviet draft, and what is not in the Soviet draft cannot be accepted. It cannot be accepted, either by the Soviet delegation or by the other six riparian states."

³ Ambassador Smith expressed the opinion in telegram 1566 from Moscow on August 9, 1948, 6 p. m., which he repeated in telegram 63 to Belgrade, that the "firm stand of our delegation at Danube Conference will help rather than hinder conversations in Moscow" and also that if the delegation believed it would be desirable to leave the conference he did not believe that this action would "do us any harm here and may rather do some good." (840.811/8-948)

840.811/8-648: Telegram

The Secretary of State to the Embassy in the United Kingdom

SECRET US URGENT

WASHINGTON, August 7, 1948—2 p. m.

NIACT

3130. Brit Emb has not yet recd instructions referred to urtel 3566 Aug 6.¹ However, from your summary it seems to us that Dept position contained Dudel 24, rptd London 3101 and Paris 2999 and Dudel 25, rptd London 3113 and Paris 3013,² not essentially divergent UK attitude. USDel Belgrade already authorized support Brit resolution on Court ref and we prepared to have USDel further support existence rights under 1921 Convention of UK, France, and other 1921 Convention signatories in final summation US position at Conf. In our concept it is desirable such support be given in conjunction with ref issues of Western Power participation, UN association, Austrian membership, Sov monopolistic control Danube, etc., which we consider more basic and on which we accordingly feel emphasis should be placed.

In circumstances problem now apparently one of timing. We continue to feel strongly that Cannon's appraisal importance remaining to end valid. That procedure will enable us extract from Conf maximum public clarification divergence Western-Sov objectives. In addition, and more importantly, we would anticipate undesirable repercussions in other international forums should the Western powers withdraw prematurely from this first Conf wherein we are a minority.

Sent London 3130 rptd Paris 3023 Belgrade 466 Dudel 28.

MARSHALL

¹ Not printed.² Dated August 5 and August 6, pp. 660 and 662.

840.811/8-748: Telegram

The Ambassador in Yugoslavia (Cannon) to the Secretary of State

US URGENT

BELGRADE, August 7, 1948.

Deldu 40. From Dustmann for Michael McDermott and Dunning. For release to press after 8:30 AM Belgrade time August 7, 1948. Following is statement to Danube Conference of Chairman Cannon of US delegation:

In closing the debate on the Soviet Union and the United States drafts yesterday, the Delegate of the Soviet Union mentioned several points of difference which are important to the very substance of our discussion.

First as regards the approach of this conference to whole problem: Mr. Vyshinski said "I would say in general that what is acceptable in the US draft can be found in Soviet draft and what is not in Soviet

draft cannot be accepted. It cannot be accepted either by Soviet Delegation or by other six riparian states."

Mr. President, if that is the firm position it would mean that it is almost useless for the conference to go through the motions of committee discussion. I feel sure Mr. Vyshinski did not mean just that. I am indeed ready to go into committee and I truly hope that all of us will in fact be willing to hear each other, and seek some area of agreement.

The principal points of the US proposal to which serious objection has been raised are these: (1) The language of Article 1. (2) The powers to be given to the commission. (3) Relationship with the United Nations. (4) Membership of the commission.

Let me say just a few words on each of these points.

Mr. Vyshinski says that our Article 1 "defeats the principles" accepted by the Four Powers in 1946 in the peace treaties with Bulgaria, Hungary and Rumania. He says that it "deviates" from the formula set forth in the US draft preamble. Comparing the two texts just what is the significant difference? The preamble says: "Navigation on the Danube shall be free and open to the nationals, vessels of commerce and goods of all states on a footing of equality in regards to port and navigation charges and conditions for merchant shipping".

Article 1 says: "International navigation on the Danube River system shall be free and open to the vessels of commerce, goods and persons of all states on a footing of entire equality without discrimination".

Comparing the two texts, what is the significant difference? It is the phrase in our Article 1 "without discrimination".

I shall not dwell on implications.

But there is, of course, no real discrepancy. Mr. Vyshinski has had a lot of experience in drafting agreements. He knows that a preamble sets the background and outline to be developed in subsequent articles. But if this language "defeats the principles" of the earlier formula, then the earlier language was an empty formula. To the US it was not an empty formula at the meeting of the Council of Foreign Ministers, nor in the peace treaties. We meant it then and we mean it now. To us the "freedom of navigation" means more than allowing a vessel to move through the water. It means access to port facilities and those other things set out in our draft articles which in fact are merely an elaboration of the term "conditions for merchant shipping" which is in the preamble to which no objection has been raised.

The provisions of Article 1 of the Soviet draft were agreed upon almost two years ago. The peace treaties have been in effect for almost a year. Still the Danube River has not resumed its normal traffic. Though the US has persistently tried for the past three years to open

up the river, there is no movement across the US-Soviet occupation line in Austria.

This relative stagnation on the river is clear evidence that the Soviet article is not enough. Practical provisions in the convention are needed if a revival of commerce is to be encouraged.

Article 17 of the US draft was criticised on the ground that it is contrary to the principle of sovereignty and equal rights of states. In its judgment rendered in August 1923 in the case of the *SS Wimbledon* regarding the refusal to permit a foreign vessel to pass through the Kiel Canal, the permanent Court of International Justice said: "The Court declines to see in the conclusion of any treaty by which a state undertakes to perform or refrain from performing a particular act an abandonment of its sovereignty. No doubt any convention creating an obligation of this kind places a restriction upon the exercise of the sovereign rights of the state, in the sense that it required them to be exercised in a certain way. But the right of entering into international engagements is an attribute of state sovereignty".

In so far as the rights of riparian states are concerned, the provisions of Articles 17 and 18 of the Soviet draft, establish special river commissions on the Maritime Danube and at the Iron Gates which are much more subject to abuse than Article 17 of the US draft.

Under Articles 17 and 18 of the Soviet draft, two states would have complete authority to control the Danube gateway to and from the sea and two other states, complete authority at the important Iron Gates sector of the river. Such an arrangement can hardly be compatible with the rights of the other riparian states on the fluvial Danube.

While the US draft has been represented as a grave threat to the sovereign rights of the riparian states, the argument has been presented that the joint shipping companies organized in Hungary, Rumania, and Yugoslavia, are in no sense a derogation of the sovereignty of these states. It has been denied that Soviet participation in joint companies constitutes Soviet control. It had been asserted that the sovereignty of these countries is in no way infringed because the chairmen of the companies are always nationals of the country concerned. The important fact is not the nationality of the chairman, but the fact that in Hungary and Rumania, in any event, the general managers of the companies, in whom resides the effective control, are Soviet citizens.

In our discussion in the committee, I shall document in detail the privileged position of the joint companies.

I am surprised that the Soviet delegate, with his wide experience in United Nations affairs, would interpret Article 25 of the US draft as giving the Economic and Social Council full responsibility for the implementation of the principle of freedom of navigation on the Danube. I think he would not seriously argue that association with the

United Nations would deprive the riparians of their rights and prerogatives as sovereign states. I am certain that he understands the procedures and powers of the Economic and Social Council well enough to know that its activities are limited to discussion and recommendation.

Soviet delegate has also objected to Article 42 providing for the settlement of disputes through the United Nations if not first resolved by the commission. The United Nations was created for the express purpose of providing machinery for the pacific settlement of disputes.

I agree with the Soviet delegate that Article 10 of the US draft concerning membership on the commission raises one of the major issues before this conference. I feel that some additional comment is required concerning the US position on membership. My previous statement set forth the bases upon which the United States rests its claim for participation. Such claim was not and is not related to the prewar statistical position of US shipping on the river, but upon the broader aspects of our interest in European economic development and our responsibilities under present and contemplated future treaties bringing the war to a close.

Let us not forget the direct interest of the US which occupies a riparian position on the Danube. The German sector of the Danube and the German Danube fleet are inseparably connected with the problems of this river. A Danube convention cannot ignore this important sector of the river. Until a sovereign German Government is established and is granted full participation in a Danube regime, the US will be responsible for representing German riparian interests.

Let us also be realistic about Austria. I assume that other riparian states are deeply interested in the development of the entire Danube as an artery of commerce and for this Austria's central position, trading potentialities and the great river port of Vienna, are all important. If the views of this important riparian state are not taken into consideration in drafting the convention and Austria does not become a party to it and does not immediately become a member of the commission, the river will remain cut in two. The new regime would not be able to function as envisaged in either the Soviet draft or the US draft. The declaration of the Council of Foreign Ministers, which the Soviet Delegate has cited, does not bar Austria from such participation.

We also believe that non-riparian states should be represented on the commission. I gave the reasons for this view in my statement on last Wednesday.¹ I wish now only to re-emphasize the importance which we attach to it.

¹ See the third and fourth paragraphs in Ambassador Cannon's statement made at the sixth plenary session of the conference on Thursday morning August 5, in the unnumbered telegram from Belgrade on August 4, 1948, midnight, p. 655.

Since we now turn to a resolution referring all texts to a committee, I felt it necessary to restate these points of the American draft before closing the general discussion. [Dustmann]

CANNON

840.811/8-848 : Telegram

The Ambassador in Yugoslavia (Cannon) to the Secretary of State

SECRET

BELGRADE, August 8, 1948—6 p. m.

Deldu 41. When I had finished statement of US position at start of yesterday's Danube conference meeting (text cabled in Deldu 40, August 7), Vyshinski rose to explain his declaration which I had chosen as theme for my statement. He denied having said everything in US draft not also in Soviet draft unacceptable and attributed "misunderstanding" to possible mistranslation. We [*He*] said reference was to Article I, X, XVII and a few others, not to entire US draft.¹

Vyshinski's retraction when thus challenged on whether he meant what he had said on Thursday shows Soviet intention to avoid provoking Western Powers into withdrawing at this stage. While I see no hope of his making concessions on substance, he appears willing to have US proposals thoroughly discussed in committee.

Yugoslav delegation had presented three-paragraph resolution on how to proceed henceforth, summarized as follows: (1) Soviet draft to be accepted as basis for further work of conference; (2) all other proposals, including draft conventions, to be considered as amendments to corresponding articles of Soviet draft; (3) all new amendments to be submitted by August 9.

This would enable Soviets to confuse issues by accepting minor changes and some of our unimportant articles in committee. Our strategy has been to get US position before conference and world in best light by concentrating on major points. Therefore, I proposed deletion second paragraph Yugoslav proposal, explaining we would redraft our proposals in form of amendments to Soviet text. Although unexpected French proposal that US draft convention be accepted with Soviet as basis for discussion caused some confusion, conference accepted Yugoslav resolution with deletion of second paragraph as I had suggested (see Deldu 42, August 8).²

¹ According to the provisional Summary Minutes of the ninth plenary session on August 7, the disclaimer by Vyshinsky reads: "In connection with Mr. Cavendish Cannon's declaration, according to which he had said that everything which is acceptable in the draft convention of the United States was already contained in the Soviet draft and that the rest of the American draft was not acceptable, Mr. Vyshinski stated that there was an error in translation or that perhaps he had not expressed himself well. He had in mind Articles 1, 10 and 17 of the American draft. With respect to the question of Austria, Germany and others, he did not intend to take them up again in the plenary session because he believed that they would be debated in due time within the committee."

² *Infra*.

Conference then took decision to refer work on convention to general committee composed of all delegations. Question of admission of press to committee sessions caused some controversy, with three Western Powers supporting open meetings. I referred to well-known US policy of maximum freedom for press to report international conference proceedings such as these. After search for compromise, conference finally voted 7 to 3 against French proposal meetings be open unless committee itself should decide to exclude press, and 7 to 3 for Yugoslav proposal that meetings be closed unless committee decides to open them.

Peake introduced his two resolutions on submission of question of validity of 1921 convention to international tribunal (see Deldu 39, August 6) French supported them. I set forth our views in accordance with instructions in Dudel 24, August 5. Satellites spoke in favor of a Hungarian resolution calling for rejection of British proposal as "irregular".

Vyshinski delivered 40-minute speech against British resolutions. He placed chief emphasis on developments leading up to present conference, namely, CFM and Paris conference discussions and decisions on Danube, in all of which no mention made of 1921 convention. Western Powers, he argued, bound by CFM decision to conclude new convention without regard to earlier Danube regime. Conference had just decided to do so on basis Soviet draft. Why should it suspend its work to wait for decision on already dead treaty by some other body? This was no proper question for the International Court of Justice, which could not pass on decisions of CFM or of this conference. To these points Vyshinski added numerous legal arguments based on text of 1921 convention itself and on its history since 1921.

Meeting, well past official closing time, concluded in great confusion, inept and irregular handling on part of Ukrainian chairman, and general ignorance and disregard of rules of procedure. Peake at one point protested against "definite tendency of majority to ride roughshod over rights of minority". We contributed to this confusion in hope Hung resolution would be lost in shuffle, and succeeded. Vyshinski sent message around to Hung delegate who rose and withdrew his resolution. In separate votes on two Brit resolutions majority rode roughshod over minority by 7 to 3 score.

General committee begins sessions Monday.³

CANNON

³ The copy of this telegram in the files of the Department is incomplete. The last five sentences have been supplied from the telegram as sent from Belgrade.

840.811/8-848 : Telegram

The Ambassador in Yugoslavia (Cannon) to the Secretary of State

SECRET

BELGRADE, August 8, 1948—8 p. m.

Deldu 42. Lest there be some misunderstanding on part of US press of our position in accepting Soviet draft convention as basis of

discussion in yesterday's meeting reported in Deldu 41 August 8, Department may find following information useful if explanation is asked for or in briefing if Department deems it advisable. Press might be reminded that this is normal way to proceed, citing peace treaty negotiations in which British draft taken as basis for work on Italian treaty and Soviet drafts for work on Balkan treaties without restricting scope of negotiations or committing any delegation to specific provisions of those drafts.

Department knows reasons for decision to circulate US draft even though there was no chance that conference would accept it along with Soviet draft as basis for discussion. These purposes having been achieved and since this is question of procedure rather than substance, we saw no point in forcing a vote on it when we saw chance to obtain arrangement whereby we could, by redrafting our major articles in form of amendments, focus committee discussion on desired points. In brief talk with Bebler before matter came up, we reached understanding whereby I would support his resolution and he would withdraw second paragraph.¹ Although Bebler did not withdraw paragraph in presenting Yugoslav resolution, and French delegation confused situation by proposing adoption US draft as basis for discussion, I stated our willingness to proceed on basis Yugoslav resolution provided that Paragraph Two be deleted on understanding we would resubmit our proposals in form of amendments. Vyshinski agreed.

When vote taken, paragraph by paragraph, first was adopted by 7 to 2. I abstained, not wishing to accept it without knowing definitely that our position on amendments would be safeguarded, but not being in a position to vote against it since I, myself, had already stated US delegation would go along with Yugoslav proposal if Paragraph Two deleted. British and French accounted for the two negative votes. Yugoslav delegation then withdrew Paragraph Two. Paragraph Three was unanimously accepted. Resolution as a whole adopted 9 to 1, France voting against. No vote taken on French proposal.

I learned later that Thierry thought we knew of his intention and did not grasp our reasons for resubmitting major proposals as amendments

¹ Bebler had offered his proposal at the 7th plenary session on August 5, and it was debated in the 9th plenary session on August 7. At this meeting Vyshinsky agreed with Cannon's arrangement for the omission of the second paragraph of the Yugoslav resolution because, if the Soviet draft was accepted as the basis for discussion, the other drafts could only be considered as amendments, in which case the provisions of the second paragraph would be superfluous. The three paragraphs of the resolution read:

"1. To consider the draft convention presented by the USSR Delegation as a base of all further work of the present Conference.

2. To consider all proposals concerning the contents of the new convention, including all other drafts of the convention as amendments to the corresponding articles of the draft convention of the USSR Delegation.

3. To fix as the latest time for introduction of new amendments in writing, August 9, 10 p. m."

to Soviet draft. While our liaison was trying to straighten things out with French, call for vote left French alone in opposing Yugoslav resolution.

Sent Department, repeated Paris.

CANNON

840.811/8-948: Telegram

The Ambassador in Yugoslavia (Cannon) to the Secretary of State

SECRET

BELGRADE, August 9, 1948—7 p. m.

Deldu 43. General Committee of Danube Conference met this morning with Thierry in chair. Decision was taken to admit press and public except to meetings which committee might decide to close. Vishinsky in effect reversed his position of last Saturday (Deldu 41, August 8), although he said then that decision would be up to committee. Department will realize admission of public must be taken in very restricted sense since Yugoslav police do not permit man in street to get within a block of the Conference building.

Deadline for amendments is ten o'clock tonight. As committee could not profitably begin discussion of convention without amendments before it, session adjourned to Tuesday morning.¹ We are consulting today with British and French on tactics in proposing amendments.

Delegation will cable texts of our amendments as soon as they are in finished form.²

Sent Department Deldu 43, repeated London 155; Paris 145.

CANNON

¹ It had been decided that amendments to the Soviet draft convention must be submitted by 10 p. m., on August 9, with their distribution taking place overnight so that the work of the General Committee could proceed at its second session on Tuesday morning, August 10. Secretary General Leo Matthes nonetheless had to explain some delay in the transmittal of the amendments because those of the United States delegation had been submitted in English, which had to be translated into an official language of the conference.

² The text of the amendments was sent in telegram Deldu 45 from Belgrade on August 9, and their approval was contained in telegram 476, Dudel 35, sent from the Department of State on August 11, 1948.

840.811/8-948: Telegram

The Ambassador in Yugoslavia (Cannon) to the Secretary of State

SECRET

BELGRADE, August 9, 1948—midnight.

Deldu 46. In submitting only 11 formal amendments to Soviet draft convention we have been guided largely by tactical considerations. If, as we assume, final document proves unacceptable to US it will have been preferable to concentrate attention on major issues dividing east and west blocs without distracting attention on minor points. We fur-

ther felt that bargaining position on major issues would be stronger if Soviets were not given opportunity to make concessions on details.

Today's session gave no indication of course or tone of committee discussions but we should be in good position to estimate after tomorrow's session. Important issues will be joined in discussions on French and US amendments to preamble, US amendment to Article 1, and British amendment to Article 2. We shall have to formulate our tactics on subsequent articles including question of abstentions in votes on articles which we can accept in principle after these discussions which will reveal whether Soviet controlled bloc intends adopt forcing or conciliatory position.

British and French approaching committee discussions with considerable reserve. We continue to favor full consideration entire Soviet draft, building up strongest possible position for eventual rejection unacceptable convention. Presumably as result Department's intervention French delegation has apparently received instructions to conform more closely to US intention of seeing conference through to end.¹ We have received impression that French instructions on this point are rigid. Meanwhile we have perforce become more flexible.

Because of rapid shifts in conference atmosphere and unpredictable Soviet tactics from day to day it would appear desirable that French delegation be given greater freedom of action in order to be able to adapt itself to any situation which may arise. In meeting maneuvers Vyshinsky who seems to be working on broad instructions western delegations are at great disadvantage if they must obtain advance authorization for every change in position.

Sent Department; repeated London 156, Paris 146.

CANNON

¹ After communication with the British Foreign Office and the French Ministry of Foreign Affairs, the Department of State was able to inform the Embassy in Yugoslavia by telegram 472, Dudel 32, on August 10, 1948, 6 p. m.: "British Embassy has informed Department that British Fonoff concurs in procedure outlined [in] your 1050 Aug. 4 and Deldu 39 Aug. 6. We understand British and French now agree western powers should not withdraw prior [to] final vote on basic issues". The Department further expressed its approval of Cannon's intended procedure as outlined in his telegram Deldu 39 of August 6. (840.811/8-1048) See also telegram 483, Dudel 39, to the Embassy in Yugoslavia on August 12, p. 685.

840.811/8-1048: Telegram

The Ambassador in Yugoslavia (Cannon) to the Secretary of State

US URGENT

BELGRADE, August 10, 1948.

Deldu 48. From Dustmann for Michael McDermott and Dunning. Statement Cannon support US amendment preamble draft convention regime navigation Danube given before General Committee August 10:

Mr. Chairman, in submitting American proposal amendments preamble, we decided adopt greater part Soviet text, although were several passages we would have expressed differently. Therefore, we could endorse French proposal just defeated by usual vote. American amendment is relatively simple one. There is amendment third paragraph which would then read: "USSR, UK and Northern Ireland, US, France, Bulgaria, Czechoslovakia, Hungary, Rumania, Ukrainian SSR and Yugoslavia;

Whereas CFM have on 12th December 1946 decided call conference to work out new convention regarding regime navigation Danube, to be composed representative states referred to above; and

Desirous providing free navigation Danube accordance interests all nations and with due regard sovereign rights Danube states and in order strengthen economic and cultural relations Danube states between themselves and other nations, and recognizing conditions of economic well-being and peaceful relations among nations should be promoted on Danube accordance Charter of the UN.¹

Have resolved conclude convention regarding regime navigation Danube and for that purpose have appointed undersigned plenipotentiaries who, after presentation full powers, found in good and due form, have agreed following."

Purpose change is that paragraph give explicit recognition principle that problems Danube intimately connected with broader world problems. Danube area will be more prosperous and secure if there is full recognition economic ties between Danubian and other nations, both to East and West. Peoples along great waterways well aware that fact. We are convinced that to single out interests riparian states as sole concern convention and separate them from interests other nations fundamental mistake. Would be harmful long run both riparian states and nonriparian nations. First change suggested American amendment is recognition developments along river are concern to non-riparian states. As mentioned my earlier statements, US feels that a number nonriparian states for variety reasons have clear interests conditions along Danube and maintenance freedom navigation. We also think recognition this interest by convention direct benefit to welfare peoples whole Danube area and would not interfere with or weaken sovereignty Danube states.

¹ The proposed United States amendments to the third paragraph of the preamble of the Soviet draft convention are here shown by the words inserted in *italics*, and one word of the Soviet draft which would be eliminated has been lined out:

"Desirous of providing for free navigation on the Danube in accordance with the interests *and of all nations and with due regard for the* sovereign rights of the Danube States and in order to strengthen economic and cultural relations of the Danube States between themselves and with other nations, *and recognizing that conditions of economic well-being and peaceful relations among nations should be promoted on the Danube in accordance with the Charter of the United Nations.*"

Within this region are hundreds of idle ships today. We should like see active trade, that could be moving today, resumed soon possible, and it is purpose this convention aid bringing condition about. We know railway systems suffered greatly during war, that roadbeds in bad condition. Hard find maintenance materials keep them going. Great distress many parts Europe, even this region, and here is great inland waterway not contributing its part.

A statement few minutes ago made by Rumanian delegate, that Rumanian ships are "up the river". Don't know what "up the river" may mean. If it means ships are in that part Danube under US control, wish to state here and now that there are *no* Rumanian ships that part of river under American control. Rumanian Government put in claim 18 ships. 18 ships released in area of Danube over which Americans have control, now none left there. If it is question of ships "up the river" they must be some other zone where Americans have no control, where far as Danube is concerned US has little contact or say.

Second paragraph [*part*] American amendment must be clear to all. US has made known here that US supports effective relationship between new Danube convention and UN. Problems that will concern new commission will be of importance all Europe and world. If it to be intent of new commission to recognize broader implications of problem, some recognition of UN role appears essential. We all know UN itself is conscious of problems this area and would like to contribute in solution these problems. This was shown by request of Secretary General that UN be allowed to send observer to conference. No amount misinterpretation can cloud basic fact that peoples and nations this area have nothing lose, much gain, by recognition principles Charter of UN and by working agreement between nations this area, commission to be established, and UN. This clause in preamble asserts general recognition on part of signatories that principle of UN Charter is applicable on Danube. None of us would deny that. All of us, on many occasions, have subscribed those principles as basic to conduct of peaceful relations between our respective nations.

End Cannon statement.

Text third paragraph Soviet draft preamble without our amendments follows:

"Desirous of providing free navigation on Danube in accordance with interests sovereign rights of Danube states and in order strengthen economic cultural relations of Danube states between themselves and other nations."

Advise if these statements arriving too late for proper release to press. Otherwise will assume arriving O.K.

Suggest you point out to press that above statement is first of several statements by US on amendments and that these will be our summa-

tions of basic substantive differences between our and Soviet conception of Danube convention. Others will follow soonest. [Dustmann.]

CANNON

840.811/8-1048 : Telegram

The Ambassador in Yugoslavia (Cannon) to the Secretary of State

US URGENT

BELGRADE, August 10, 1948.

Deldu 50. From Dustmann for Michael McDermott and Dunning. At night session August 10, Cannon gave following on US amendment to Article 1 of Soviet draft:¹

Proposed US amendment designed to clarify and point up basic issue before conference—Is shipping on Danube to be permitted on basis equality between various flags? Or is shipping to be permitted only on basis of special agreements, granting privileged companies exclusive or preferential treatment? Issue is clear—discriminatory or non-discriminatory treatment. If conference supports principle of non-discrimination it can hardly reject US amendment. Rejection of amendment will be notice to world that it not intention conference to see that Danube is really open to vessels of all nations.

Article 1 as proposed by Soviet delegate does not contain necessary safeguards to remedy [or] eliminate present impediments to more effective use river which my government deeply deplores. Impediments surely are also of concern to other states sincerely interested in reestablishing prosperous Danube shipping conditions.

There has been much talk of "imperialism" here. Proposed additional wording introduces necessary safeguards to avert imperialistic designs, from any direction, and supports sovereignty Danubian states. US proposed additional wording not only for sake of principle and objective, but also because history of past few years has clearly shown discrimination rampant, economic penetration undertaken to detriment of Danubian countries concerned and progress trade recovery in general.

I should like to clarify some basic points which Soviet delegate made in statement to rebut my statements re Danube economic penetration. He denied Soviet participation in joint companies and formation Soviet companies amounts to Soviet control. He claims there is equal

¹ Article I of the Soviet draft convention reads: "Navigation on the Danube shall be free and open for the nationals, vessels of commerce, and goods of all States, on a footing of equality in regard to port and navigation charges and conditions for merchant shipping. The foregoing shall not apply to traffic between ports of the same State."

The proposed United States amendment would add this final sentence: "Equality in regard to port and navigation charges and conditions for merchant shipping shall be considered as excluding discrimination on the basis of the flag or ownership of vessels or on any other basis whatsoever."

participation and no infringement sovereignty countries involved since chairman these companies always national of state concerned. That not much safeguard. Significant fact about companies is that they not operated by chairmen but by directors general who not nationals countries concerned. Directors general of joint companies are Soviet citizens.

The Soviet delegate further quotes Article 1 of Yugoslav treaty to prove companies obey laws rules of given country and have same rights as Yugoslav companies. He failed to mention in most important respects, Soviet enterprises joint companies are granted same conditions which are, or will be, allowed to *most privileged* state, municipal or private enterprise. Refer to annex 1 of Soviet-Hungarian agreement of December 9, 1947, which grants privileges on supply materials and obtaining of foreign exchange. Refer to annex 5 of same agreement wherein USSR acknowledges certain decrees issued by Hungarian Government exempting joint-Soviet companies from payment of certain taxes, fees and duties.

Same and other privileges are granted to joint companies. I refer to provision in Soviet-Rumanian agreement by which ships of Soviet-Rumanian transport² passing Sulina Channel pay tariff $\frac{1}{3}$ less than charged any other company. Another example of special privilege is contract between Hungarian Government and joint Meszhart Shipping Company³ which for 30 years leases Port Budapest practically all harbor equipment, including docks, loading stations, factories, dwellings, auxiliary other buildings, warehouses, elevators, mechanical transshipment facilities, railways and other communication lines in port area. How can you speak of freedom navigation Hungarian Danube when Port Budapest under monopoly control of Meszhart Companies.

Let us turn back now to language of amendment. You will note USDel has not used language proposed in original US draft. While we still consider language in Article 1 of draft submitted last week as preferable, there was certain amount of confusing talks regarding it and its relation to articles of Peace Treaties. It has several times been declared that language first proposed by USDel different from treaty language. We proposed amendment which is explanatory addition to treaty language.

Speaking on preamble this morning, Vishinsky said "They (France, US and UK) agreed to this formula 2 years ago and nothing has changed since". This is precisely our point—objective was to free navi-

² Sovromtransport was the Joint Soviet-Romanian Shipping Company established by agreement signed at Bucharest on July 19, 1945.

³ Meszhart was the Joint Soviet-Hungarian Navigation Company established by agreement signed at Budapest on March 29, 1946. It was exempted from taxes and duties by a Hungarian decree of April 12, 1947.

gation. Now after 2 years it is quite true "nothing has changed" since, although treaties in effect nearly year.

Soviet delegate has numerous occasions taken position any suggested change or clarification of words adopted by CFM for peace treaties is attempt to distort true meaning of CFM decision. I should like to ask Soviet delegate to give conference definition of what he understands by words "conditions for merchant shipping". Only definition I have come across in record is statement Molotov, November 28, 1946. This proposal introduced by Molotov who said (I am reading from US record in English) "I have proposal to make. Mr. Byrnes said he interested paragraph 1 of proposals re Danube. I have proposal in relation to it. In first place, it takes into account June 29 amendment proposed by M. Bidault⁴ and includes Soviet amendments. 'Navigation on Danube shall be free and open on terms of entire equality in as much as this concerns port navigation charges and conditions of commercial shipping within limits of ordinary commercial terms.'"

The word "entire" has appeared at numerous times and I am not quite clear at what time it dropped out.

Later in debate, French representative asked: "What does Soviet delegate understand by meaning 'within limits usual commercial relations.'?" Molotov replied: "There are certain commercial arrangements which establish tariff charges, etc., when some given favored treatment in one respect not in another, and various details that sort. Some countries more interested in one condition, some in another, and they combine aspects most advantageous them".

I must frankly say I do not know what it means. I hope before committee votes on article Soviet delegate will explain it for benefit of states which being asked to accept Soviet draft.

[The closing paragraph, here omitted, contained the telegraphic wording of Article I in the Soviet draft convention, and the additional sentence of the United States amendment.]

[Dustmann]
CANNON

⁴ Georges Bidault at this time was Provisional President, Premier, and Minister of Foreign Affairs of France.

840.811/8-1048: Telegram

The Ambassador in Yugoslavia (Cannon) to the Secretary of State

SECRET

BELGRADE, August 10, 1948—midnight.

Deldu 51. At today's morning session general committee French and US amendments preamble rejected and Soviet text adopted unchanged. Soviet bloc mustered usual seven votes each division with

western group opposing. British abstained in final vote on Soviet version pursuant tactics they have decided upon.

French amendment preamble constituted new text but nearer Soviet version than preamble US draft. Principal points recognition historical basis international control Danube and establishment UN relationship. In presenting amendment French underlined Soviet interpretation freedom navigation excludes concept freedom of trade, also complained inactivity French ships in Rumanian waters which denied permission leave and unable participate cabotage trade.

Satellite chorus immediately rose endorsing Soviet text as paragon of preambles and rejecting French attempt to inject issue acquired rights and UN relationship. Principal bloc argument against latter is non-membership ex-enemy satellites because vote [*veto*] exercised by Britain, France and US. After Bulgaria, Ukraine, Yugoslavia and Rumania had spoken against French amendment Vyshinsky drove home final arguments. As usual he based his case principally on adherence CFM 1946 decision and importance preserve sovereign rights Danubian states.

US amendment textually less drastic than French but essentially made same points without eliminating cherished Soviet language re sovereign rights.

In presenting US amendment I took up Rumanian demand return ships now "up the river" and [by] citing statistics showing return eighteen Rumanian vessels requested and return eighteen effected. Emphasized fate vessels unknown after they passed down stream from section under US control. Yugoslavia and Rumania opposed US amendment. Summing up bloc arguments Vyshinsky noted absence mention sovereign rights in US draft but admitted slight progress in that French amendment did not propose delete such reference. We have not come far enough, however, and must have "respect" not merely "regard" for such rights. On UN tie-in Vyshinsky took tolerant attitude but argued not present in other economic agreements citing in particular Brussels pact.

At outset morning session Bebler complained secretariat overworked result submission numerous communications by USDel in English which not official language conference. During his remarks Bebler made interesting admission English language staff assembled by secretariat prior opening conference dismissed after [decision] excluding English as official language. This confirms our earlier impression (Deldu 18, July 30 [31]¹) that prior arrival Vyshinsky Yugoslavia expected English would be official language.

At evening session I presented argumentation in support our amendment Article I discussing particularly obnoxious role Soviet controlled

¹ See *ante*, p. 634 and footnote 2.

companies. This drew blood from Hungarians and Vyshinsky both of whom admitted general managers companies are Soviet citizens and thirty year lease port of Budapest to Meszhart. However they characterized assertion that companies enjoyed privileged position as "propaganda" and Vyshinsky argued at length that Soviet activities in Danube states not imperialistic since based on agreements between sovereign states.

Session rose before English translation Vyshinsky's remarks. No vote seen [*taken*]. In defending Soviet draft against amendments Soviet clearly at tactical disadvantage. Vyshinsky much more effective on offensive. He obviously dislikes subject Soviet controlled companies and treads warily on this issue. By accepting Soviet draft as basis discussion and introducing amendments on principal issues, I believe we have adopted course calculated in circumstances to yield greatest possible propaganda dividends. We expect, however, to gain nothing else. From today's session it is clear that Soviets disposed make no concessions of substance and western powers are agreed we should not press for minor drafting changes. At this stage, therefore, it appears likely Soviet draft will be adopted by committee without textual change.

CANNON

840.811/8-1148 : Telegram

The Secretary of State to the Embassy in Yugoslavia

RESTRICTED

WASHINGTON, August 11, 1948—8 p. m.

480. Dudel 37. Following for urinfo are excerpts from Dept's transcript of Secy's press Conf Aug 11 relative Danube Conf.

"Question. Have you any comment re Danube Conf—any comments specifically as to whether it is worthwhile for Western powers in general and US in particular to continue meeting with Eastern powers?

Answer. Danube Conf now in progress is an excellent example of difficulties we encounter in all our negotiations regarding settlement of war abnormalities in Europe. We entered Conf because we feel we should be willing to discuss any of these questions and listen to arguments regarding these questions before an appropriate organization or tribunal. We feel we should not assume in advance that no agreement can be reached and that we should be careful to persist in the effort to settle these matters by negotiation and to reach agreements by process of negotiations. But it is perfectly clear we must not seek agreement merely for agreement's sake. There are certain fundamentals to which we attach great importance that have to be considered by this Govt. That is notably the case in this Danubian situation. It seems clear to us that Soviet proposal is calculated to tie up commercial navigation in Danube in a method subject

to control of Soviet Govt and its satellite states at expense of the general restoration of prosperity in Europe. Our purpose in going into the negotiation was a matter of principle and for purpose of seeing the river opened up to normal commerce on a pre-war basis for the restoration of economic prosperity in Europe. We cannot agree to enter a proposed system which can be utilized to obstruct in many ways free commerce on the Danube. We have a definite interest in protecting the riparian interest of Germany and Austria. Danube is truly a great international waterway. Navigation starts in Bavaria and touches Austria, Czechoslovakia, Hungary, Rumania, Yugoslavia, Bulgaria, and Bessarabia of Soviet Union. If regulations governing traffic on that river and control of the commission that is set up is so arranged that all manner of checks and delays can be easily imposed, we do not have any true freedom of commerce."

Secy answered subsequent question on whether we would revert to *status quo* and merely keep river bottled up above Linz if we do not obtain assurances river will be opened without discrimination by saying he was not going to comment on what we do next, and that Mr. Cannon can be depended upon to make that very plain.

To further question as to what was meant by his remark that "Agreement should not be reached for agreement's sake" Secy said he was referring to general principle of just reaching an agreement regardless of what it does in way of violating fundamental principles. Asked whether that might be made to apply to current negotiations in Moscow, Secy replied that he had no comment to make.

MARSHALL

840.811/8-1148: Telegram

The Ambassador in Yugoslavia (Cannon) to the Secretary of State

TOP SECRET NIACT

BELGRADE, August 11, 1948—midnight.

Deldu 55. Our chief concern here has been to assure that issue of precipitating break-up or going through to declaration at final session should support our more important general strategy at Berlin and Moscow. In Deldu 39, August 6 we showed intention to hold on for strong declaration precipitating break-up of conference after General Committee has gone through whole draft and returned to plenary. Deldu 46, August 9 forecast that break may come earlier.

I have tonight gone over whole situation with British and French delegates. I still set [*see?*] plenary as best venue for final declaration if possible. If earlier showdown necessary Articles 41-42, preferred by French, or Article 38 provide best setting. Article 5 tomorrow will develop some nasty spots but we are agreed not to break at this point.

No real distinction between plenary and committee where top delegates participate personally and press is admitted. Indications are

committee will run quickly through Soviet draft pausing only where amendments require discussion. Our substantive issues are scattered throughout. Best ones are Article 38 which covers discrimination or perhaps Article 41 where there is British amendment on settlement of disputes and US amendment on UN relationship. Latter is practically end of convention.

Our Article 1 rejected as expected by usual 7 to 3 this morning, and British Article 2 this evening. We take it for granted our amendments 5, 7, 17, 38 and 41 will meet same fate. It is certain we cannot accept any convention produced in this fashion but I still believe we should build up case on steam roller tactics and hopeless though it looks, should make firm presentation on Articles 5, 17, 38, 41. My guess is this would fill up this week.

At moment I feel I should give Austrians not more than hint of foregoing but, if Department approves, will try to give them sufficient notice so they can take best position both as regards congress [*conference*] and their problems with Soviets in Austria.

British and French are both discouraged and inclined to play passive role henceforth. Our talk tonight made Thierry a little more resolute though he is withdrawing some of his amendments and will use tactic of non-participation in voting except where amendments our group are concerned. We had near crisis this morning when he wanted to walk out after offensive ruling by Bebler in chair (see daily telegram ¹). I persuaded him break must not come on non-substantive issue.

Department will realize additional responsibility this puts on US and also degree to which at all stages we are obliged to improvise to meet unexpected situations. Please instruct if overall policy such as Moscow talks requires change this method. If Department willing to leave us this measure of discretionary powers, please inform Paris and London since both Peake and Thierry will be cabling their Foreign Offices for instructions following our talk tonight.

Sent Department, repeated London 157, Paris 147. Department pass Moscow.

CANNON

¹ Not printed.

840.811/8-1248 : Telegram

The Ambassador in Yugoslavia (Cannon) to the Secretary of State

CONFIDENTIAL

BELGRADE, August 12, 1948—4 p. m.

Deldu 54. From Dustmann for Michael McDermott and Dunning. Background press briefing August 11: US abstained on final vote

Article 1 because text is exact text CFM decision to which US party, so couldn't vote against. Two votes: American amendment, rejected 7-3; Soviet text, approved, 7 for, French against, US and UK abstaining. US felt since Soviet draft was language of treaties, in effect over two years, the draft did not vaguely provide for freedom of navigation and required amplification. When all amendments voted on, committee will report to plenary, which presumably will adopt Soviet convention 7-3. There no difference between committee and plenary other than name. If motion for closure made after plenary adopts draft, two opposition speakers may be heard before final vote, so two of three Westerns could make statements. Molnar,¹ Hungarian delegate, yesterday said US has accepted Article 22 of Soviet draft, based on fact no US amendment submitted. No such acceptance as committee only on Article 2. Molnar also said US statements about mixed companies are propaganda and they accustomed to US propaganda via Voice.² We developing various arguments on each amendment; will wrap all in final conference statement. Still anticipate conference continue to middle next week. [Dustmann.]

CANNON

¹ Erik Molnar, Foreign Minister of Hungary and head of the Hungarian delegation at the Belgrade conference.

² The Voice of America, the short wave radio broadcasts in the information program of the United States in native languages directed to foreign nations.

840.811/8-1148: Telegram

The Secretary of State to the Embassy in Yugoslavia

SECRET U.S. URGENT
 NIACT

WASHINGTON, August 12, 1948—4 p. m.

483. Dudel 39. Reur Deldu 55, Aug 11, Dudel 32, Aug. 10.¹ Dept has given further consideration Brit Fonoff proposal (London's 3629 Aug 11 repeated Belgrade 64²) that US, UK and France withdraw conference prior to final vote in plenary session. Dept has made firm decision remain at conference until final vote on Soviet draft has been taken in plenary, regardless of action by British and French. Brit Emb informed this effect Aug 12.

Dept furthermore believes desirable hasten return to plenary as soon as vital issues voted in committee. You need not delay termination conference because of Moscow negotiations. (Moscow's 1566, Aug 9 repeated Belgrade as 63). In this connection you will have recognized intent Secy's statement in press conf Aug 11. Tactics for hastening return to plenary at your discretion. However in order to do this we suggest you should make blunt statements on basic issues as amend-

¹ Latter telegram not printed; but see footnote 1, p. 675.

² Not printed.

ments to Soviet draft in committee but forego debate and avoid detailed discussion those and remaining Soviet articles.

Our decision participate final plenary vote Soviet draft opposing opinion expressed by Brit Fonoff based on desire of US not to be compared Soviet tactics walking out UN and other conferences. US anxious to demonstrate willingness to negotiate even in minority position, altho US will not sacrifice basic principles. Dept does not consider that British rights under previous treaties will be prejudiced by remaining thru final vote provided position's reserving rights clearly stated. US delegation should support British-French claims re validity previous treaties.

Secy. informed Pres. Aug. 12 that US will not sign Soviet dictated convention.

Dept sees no objection advising Austrians of our decision remain for final vote and advise that the US will not recognize jurisdiction new commission in Austria and Germany.

MARSHALL

840.811/8-1248: Telegram

The Ambassador in Yugoslavia (Cannon) to the Secretary of State

SECRET

BELGRADE, August 12, 1948—5 p. m.

Deldu 56. Voting on Article 1 Danube Convention at yesterday's session of general committee resulted in rejection of US amendment by seven to three vote and adoption of Soviet article by seven to one with two absentions. Disagreeable situation arose when Thierry, in explaining French negative vote, unwisely challenged Soviet position on basis records CFM New York meeting 1946, and was accused by Vyshinski of refusing to accept agreed decisions and covering up refusal by distorting facts. Thierry asked for floor to reply but was refused by chairman, Bebler, who then put his ruling to vote of committee and was upheld. French deeply resented this action and absented themselves from a large part of the remainder of the session.

British introduced their amendment to Article 2 proposing all three mouths,¹ lateral canals and tributaries (as defined in 1921 convention) be part of international Danube. Bebler, Klementis and Vyshinski stated the case for rejecting amendment. Bebler concentrated on question of tributaries, arguing that Yugoslavia not bound by defunct 1921 convention or by international law (citing Oppenheim²

¹ The three mouths, or channels, of the Danube river entering the Black Sea through the delta are, from the north, the Kilia (Chilia), the Sulina, and the St. George.

² L. Oppenheim, author of *International Law, a Treatise*, 2d edition, 2 volumes, New York: Longmans, Green, 1912.

and Hackworth³) to recognize international character of Drava or Yugoslav sector of Tisza. Vyshinski explained Sulina only navigable channel and no reason to include other mouths. He backed up Bebler's argument on tributaries, holding that history, economics, international law, and the principle of sovereignty all pointed to exclusion of tributaries from river covered by convention. All three Soviet bloc spokesmen stressed wording of Paris Conference recommendation and CFM decision, namely, Danube and not Danube river system. Original US-UK proposal at Paris referred to river system, but this was withdrawn in favor of French compromise mentioning only Danube river. Soviet had strong argument on this point which British did not attempt to combat.

In course of discussion USDel again reserved rights under 1921 convention, stating decisions of 1946 and participation in present conference entirely without prejudice to these rights. In presenting briefly US views, I stated our belief that convention should cover river system including all the Danube mouths and lateral canals. I also endorsed British amendment with respect to tributaries but said we had open mind on which tributaries and how much of them should be included, our main concern being that exclusion of certain tributaries might be obstacle to maximum river traffic. UK amendment to Article 2 received two votes in favor, seven against. French ignored voting, not even going on record as abstaining. Seven votes then registered for Soviet Article 2. US voted against. British and French ignored voting.

No discussing on Article 3, on which no amendments offered. Vote was seven in favor, none against, two abstentions (US and UK). French ignored voting.

Sent Department. Department pass Moscow, London, Paris, Prague, Vienna, Berlin, Budapest, Sofia, Bucharest, Geneva.

CANNON

³ Green H. Hackworth, a former Legal Adviser of the Department of State, who prepared the *Digest of International Law*, 8 volumes, Washington: Government Printing Office, 1940-1944.

840.811/8-1248: Telegram

The Ambassador in Yugoslavia (Cannon) to the Secretary of State

US URGENT

BELGRADE, August 12, 1948.

Deldu 57. From Dustmann for Michael McDermott and Dunning. Statement by Radius, Deputy Chairman, USDel, supporting US amendment to Article V convention draft, August 12:

Change proposed Article V of Soviet draft by US amendment is obvious from text.¹ In first paragraph we list states members of Danube Commission in place of general term "Danube states" which appears Soviet draft. This list includes riparian states and Four Powers which as members of CFM have special responsibility, recognized under UN Charter, for making peace settlements and establishing foundation peaceful internal order Europe.

All states, riparian and non-riparian, have strong legitimate interest in freedom navigation Danube. In case riparian states interest obvious. It recognized in draft convention submitted by Soviet Delegation and in draft convention American Delegation. I will not dwell further on it except call attention to inclusion Austria. Soviet draft proposes Austria become member commission after question of treaty Austria settled. We believe Austria should become party to convention and member commission soon as convention enters into force and commission begins function.

Austria is one most important riparian states bordering shores for 275 miles. From standpoint engineering projects and control of [or] development river, Austria's geographical position of key importance. From commercial point, Austria shipping, trade, great river port Vienna must be taken account. System internal regulation on whole river inconceivable without Austrian participation, from start, in internal [*international*] commission charged with regulation.

Soviet Delegation [*delegate*] cited on several occasions decision of CFM, December 6, 1946, as follows: "Governments US, UK, USSR, France agree call within six months of coming into force of peace treaties with Rumania, [*Bulgaria,*] Hungary, conference to work out new convention regarding regime navigation Danube composed of representatives Danubian states: USSR, Ukrainian USSR, Bulgaria, Rumania, Yugoslavia, Czechoslovakia, Hungary, and representatives following states, members CFM: US, UK, France.

Subsequent changes this convention, should they become necessary, shall also be made by conference composed as indicated above.

Austria shall take part in above-mentioned conferences after question treaty Austria settled."

¹ The proposed amendments by the United States delegation to Article V of the Soviet draft convention are here shown by the words added in italics; and words of the Soviet draft which would be eliminated have been lined out:

"There shall be established the Danube Commission, hereinafter called 'the Commission', to be composed of one representative of each *Danube State*. of the following States: Austria, Bulgaria, Czechoslovakia, Hungary, Rumania, the Ukrainian S.S.R., the Union of Soviet Socialist Republics, and Yugoslavia, together with France, the United Kingdom of Great Britain and Northern Ireland, and the United States of America.

"Germany shall be admitted to full and equal membership in the Danube River Commission upon entry into force of the treaty of peace with Germany or before that time by agreement between the states parties to the present convention."

US does not consider that decision as barring Austria from participation in Danube Commission before treaty between Austria and four occupying powers concluded. Austria has been restored independence in accordance Moscow declaration 1943.² It has own government, whose mandate based on free popular election. This government maintains diplomatic relations many nations. It may enter international agreements (and has done so) with only this specific limitation that such agreements may be disapproved by unanimous decision Allied Council Vienna. I shall read from Four Power Control Agreement concluded Vienna June 28, 1946, by US, UK, Soviet Union, France: "Article VI, Section A: All legislative measures, as defined by Allied Council, and international agreements which Austrian Government wishes make except agreements with one of four powers, shall, before they take effect or are published *State Gazette* be submitted by Austrian Government to Allied Council. In the case constitutional laws, written approval Allied Council required, before any such law may be published and put effect. In case all other legislative measures and international agreements it may be assumed Allied Council has given its approval if within 31 days time receipt by Allied Council it not informed Austrian Government it objects legislative measure or international agreement. Such legislative measure or international agreement may then be published and put into effect Austrian Government will inform Allied Council all international agreements entered into with one or more four powers." I think can say definitely this provision no obstacle to Austria's immediate adherence to Danube convention and full participation proposed Danube Commission.

Now I turn to non-riparian representation. Our amendment provides inclusion of UK, France, US as members commission. Along with USSR, these three states have, as mentioned, special responsibility for peace settlements in Europe and problems related to settlements, such as re-establishment freedom navigation Danube. As members CFM, these Four Powers discussed at length Danube question, introduced by USDel. Paris conference, by two-thirds majority, recommended to CFM they insert in peace treaties with Rumania, Bulgaria, Hungary provisions for freedom navigation and that they convoke conference to work out convention embodying that principle. CFM did take action those lines at New York meeting December 1946. It took decisions with which all familiar.

It was Four Powers CFM which, on US initiative, took steps to have conference convoked Belgrade to work out new convention. In entire procedure leading to conference interest of three western powers freedom navigation Danube generally recognized. Neither Paris con-

² *Foreign Relations*, 1943, vol. I, p. 761.

ference 1946 nor CFM made any decision to effect new Danube regime should be riparian states alone. Very fact four members CFM are present conference is clear indication no such result intended.

In US statement August 5 before plenary session³ Ambassador Cannon gave number reasons why US directly interested in maintenance freedom navigation Danube. Our interest in economic welfare progress Europe is general. It not limited to one region. American participation in ECE proof our concern with programs both for immediate reconstruction and for longer-term economic development. For present immediate future, moreover, US has direct concern with Danubian navigation through which navigable Danube flows. That section river, under both Soviet and American draft, would come under jurisdiction Danube Commission. But of course Commission in which riparian authority had no voice could not exercise that jurisdiction in Germany.

In presenting amendment US more concerned with principle non-riparian representation on commission than with insisting on inclusion particular states. I wish point out US does not insist being permanent member commission. At such time as Austria Germany become members, and provisions made for adequate non-riparian representation, US would be prepared to give up place on commission. Three non-riparian states represented this conference are not only ones with interest freedom navigation Danube. Danube important to European recovery and world trade. These interests should have proper representation on proposed Danube Commission along with more direct interests riparian states.

I come now to second paragraph US amendment: [The telegraphic wording of this part of the United States amendment is here omitted. For text, see the last quoted paragraph in footnote 1, page 688.] It seems beyond contradiction that Germany is important riparian state which, when returns to community nations, should have seat on Danube Commission. Should this be denied, commission could hardly obtain from Germany cooperation necessary for international regime to function along entire navigable length river.

Logical time for Germany to be admitted would be date of entry into force of peace treaty with Germany. In order maintain flexibility, we have included also provision that earlier date might be set by agreement among states parties to Danube convention. End Radius.

[The closing paragraph, here omitted, contained the telegraphic wording of Article V in the Soviet draft convention. For text, see the first quoted sentence in footnote 1, page 688.]

[Dustmann]

CANNON

³ For Ambassador Cannon's statement before the plenary session on August 5, see the unnumbered telegram from Belgrade on August 4, 1948, midnight, p. 655.

840.811/8-1348: Telegram

The Ambassador in Yugoslavia (Cannon) to the Secretary of State

US URGENT

BELGRADE, August 13, 1948—11 a. m.

Deldu 60. From Dustmann for Michael McDermott and Dunning. Summary of background press briefing August 12.

US knows nothing about press rumor that French, UK, US delegates had big quarrel.

Radius' statement on Article 5 made it clear American participation commission on permanent basis isn't necessary condition to signing. Re UK raising question legality Soviet participation as riparian, it pointed out Ukraine touches river along northern channel but open to question whether USSR itself touches river. But we doubt can be proved USSR does not touch river as probably does for short distance. Next important US amendments after Article 5 are on Article 7, powers of commission; 17, 18 and 19, re special administrations; 38, mixed companies; 41, settlement of disputes and UN; 42, ratification. We want commission superior to special administrations not inferior as under Soviet draft. We prefer special sectors of river to be under commission, not administrations controlled by two riparians who could control traffic. That especially true of mouth of river. [Dustmann.]

CANNON

840.811/8-1348: Telegram

The Ambassador in Yugoslavia (Cannon) to the Secretary of State

SECRET

BELGRADE, August 13, 1948—noon.

Deldu 61. Only amendment submitted to Article 4 of Danube Convention is Czecho-Hungarian proposed annex (document ComGen three) concerning Gabčíkovo-Gönyü sector of river and possible special administration there.¹ At my suggestion, consideration of amendment deferred at yesterday's meeting until committee reaches Articles 17 and 18, on which USDel has submitted amendments. Soviet Article 4 then voted on without amendment, with seven votes for, none against, and one abstention (US). British and French took no part in voting.

Radius presented our amendment to Article 5 with statement cabled Deldu 57, August 12. US position then subjected to attack by Bebler and Pauker, with some distortions of fact to which I intend to reply today. Both denounced our advocacy of non-Riparian participation

¹ The Gabčíkovo (Gabčíkovo)-Gönyü sector of the Danube river, west of Budapest, stretching between kilometers 1821 and 1791 from the mouth of the river, presented special difficulties for the maintenance of a good state of navigability, which particularly suffered from shallowness of the water level in dry periods. The problems encountered to ensure normal conditions of navigation along this sector formed the subject matter of Annex II of the convention finally adopted by the Belgrade conference.

on Danube Commission as motivated by policy of economic and political penetration (vide Marshall plan) aimed at domination of Danubian states. Both also said pre-war Danube regime, with non-Riparian representation, based on force and could not be reimposed. Bebler said US Proposal amounted to claim for new regime of "capitulations".

Peake, defending our amendment and similar one tabled by UK, broadened discussion by contradicting Bebler on ERP. He argued only participants in position to judge it, that British people not worried about US penetration. He then cited UNRRA help to Yugo asking whether that had resulted in enslavement of Yugos by western imperialists. Turning to British claim to representation on commission, he gave figures on British Danube shipping in past and British loans to European Danube Commission enabling latter to improve maritime Danube.

Concluding, Peake raised question of status of USSR as Riparian state if Ukraine considered as such. He asked SovDel to clarify distinction between Riparian and Danube states.

At evening session Ukrainian and Bulgarian representative continued attack on US motives and policies, saying purpose of use [our] proposal on Article 5, [as] shown by our own presentation, was intervention in affairs of Danubian states.

Vyshinski carried on with fifty minute speech, much of which was denunciation of ERP as imperialism. This part was largely read, in contrast to usual extemporaneous performance, and appears to have been prepared well in advance for just such occasion. It contained usual charges of Soviet propaganda that ERP aimed at holding off US depression by stimulating exports and finding new markets; that aid to Europe only incidental; that conditions set which put European nations under our thumb through control of foreign exchange, etc.; that sovereignty of European states gravely threatened by our program of so-called international economic cooperation cloaking imperialist aims.

In latter part of speech Vyshinski returned to Danube questions, rejecting US amendment to Article 5. He held Ukraine and USSR both Riparian, latter because it included former; also, USSR touched river at confluence of Prut outside Ukrainian territory. In conclusion he rejected our arguments on Austria and Germany on ground CFM 1946 decision clearly bars Austrian membership on commission prior to peace treaty, and not proper to mention Germany in connection with Danube until general settlement reached on Germany in accordance with Potsdam.

As major east-west controversies are aired here for propaganda purposes, Danube questions tend to be lost from view. Vyshinski is at his domineering best in such exchanges, obviously trying to drive home

idea that western powers impotent in this region. At preceding session he had verbal encounter with Gros of French delegation in which Gros, following lucid and impressive exposition, was challenged but hit back sharply and had last word. Yesterday Vyshinski had gloves off in going for us and for Peake. This morning I shall reply vigorously but very briefly in rebuttal but at same time call conference back to business at hand.

Sent Department as Deldu 61, Department pass Moscow, London, Paris, Budapest, Berlin, Bucharest, Sofia, Praha, Vienna, Geneva.

CANNON

840.811/8-1348 : Telegram

The Ambassador in Yugoslavia (Cannon) to the Secretary of State

SECRET

BELGRADE, August 13, 1948—3 p. m.

Deldu 63. See twelfth Paragraph Deldu 57 August 12 for statement on permanent US participation on commission (re Dudel 41¹). Believe passage "and provisions made for adequate non-riparian representation" protects our position.

Passage inserted in presentation because trend of debate indicated Soviets, as final gesture to put us on spot, might agree to US participation to represent Germany and Austria and all non-riparians.

An additional consideration was assumption US may sometime need to say that under proper conditions and safeguards US membership on commission would not be absolute condition. Better occasion seemed amendment Soviet Article V rather than final speech or post-mortem explanation.

We thereby demonstrated again as we did in preamble discussion and our revised amendments willingness to negotiate which is entirely unreciprocated from Soviet side.

CANNON

¹ Not printed. In this telegram of August 12, 1948, 6 p. m., the Department had indicated that it was disturbed by press reports that the United States delegation had offered to waive participation in a Danube Commission if Austria and Germany obtained membership on it, and requested information about this. (840.811/8-1248)

840.811/8-1348 : Telegram

The Ambassador in Yugoslavia (Cannon) to the Secretary

US URGENT

BELGRADE, August 13, 1948.

Deldu 64. From Dustmann for Michael McDermott and Dunning. Content of remarks by Cannon before Danube Conference, August 13.

Yugoslav delegate mentioned number US rivers not subject international control. Most are national rivers by definition which Yugo-

slav delegate cited yesterday, some can hardly be called navigable in commercial sense. On those which are, traffic moves freely. That is crux of problem. On Danube, traffic does not move freely. It is as means of achieving that end we propose nonriparian representation.

Those delegates opposing nonriparian representation have lost sight one very important point, that riparian states themselves have real interest in regime with sufficient safeguards for freedom navigation, so their ships sail without hindrance to sea.

Postwar Government Hungary, November 12, 1945, addressed note to US, British, Soviets, giving views on Danube question.¹ It called attention to great importance to Hungary of regime which guarantees full freedom navigation. It suggested prewar system international navigation be reconstituted with provisions for changes required by new conditions. Hungarian Government did not envisage elimination nonriparian representation, for it suggested consolidation into one commission of European Commission Danube and International Commission Danube. Both commissions, as conference aware, had nonriparian representation. There changes since 1946 but we believe long-term economic interests Hungary remain same.

Vyshinski referred to shipping provisions Marshall Plan as example economic dictatorship, and quoted recent unofficial item from British paper to substantiate unfounded claim. What Vyshinski not mention was millions tons US vessels transferred to European countries since end war. And today fleets European countries expanding and fully employed, for Marshall Plan has maintained volume trade these countries. US merchant fleet is steadily decreasing and will continue decrease as merchant fleets Europe rehabilitated. I am surprised Vyshinski raised shipping question, for he certainly knows his country gives preference to vessels under Soviet flag, with respect all its trade. Large proportion those vessels owned by US, having been turned over Soviet during war under Lend-Lease.²

I not here yesterday when Radius read text American proposal Article 5. Delegates Yugoslavia, Rumania, Bulgaria made observations regarding supposed claims US to responsibility for maintenance peace. There was nothing about maintenance peace our paper. He did say "along with the USSR" these states had special responsibility for peace settlements Europe and for problems related to settlements. As members CFM, those four governments have undertaken responsi-

¹ Not printed. For documentation on the interest of the United States in the establishment of an international regime for the administration of European inland waterways, see *Foreign Relations*, 1945, vol. II, pp. 1364-1388; and see telegram 2527 to Moscow on December 14, 1945, 8 p. m., for remarks about problems regarding the Danube, *ibid.*, p. 1384.

² For documentation on the continuation of efforts by the United States to negotiate a lend lease settlement agreement with the Soviet Union, and the return of eight merchant vessels, see pp. 950 ff.

bility for peace settlements Europe. On question responsibility maintaining international peace security, delegates here familiar with fact these states also permanent members Security Council. Under Article 106 of Charter, pending coming into force agreements under Article 43 by which armed forces to be made available to Security Council, they charged with consulting together as occasion requires "with view to joint action on behalf organization as may be necessary for purpose maintaining international security."

These international instruments well known. That US has general obligations, responsibilities in Europe, including those parts of Europe through which Danube flows is also well known. We do not intend abdicate those responsibilities. [Dustmann.]

CANNON

840.811/8-1348: Telegram

The Ambassador in Yugoslavia (Cannon) to the Secretary of State

US URGENT

BELGRADE, August 13, 1948.

Deldu 66. From Dustmann for Michael McDermott and Dunning. Statement by Cannon in support US amendments to Article VII E and Articles XVII, XVIII, XIX and first paragraph Article XX Soviet draft before night session general commission Danube conference August 13.

American proposed amendment to Article VII E is directly related to proposed amendment substituting one new article for Articles XVII, XVIII, XIX and first paragraph Article XX of Soviet draft which provide for establishment "Special River Administrations".

I would like to call attention to first paragraph Article VII Soviet draft which states:

"The terms of reference of the Commission are applicable to the Danube in accordance with Article 2."

And then to Article II Soviet draft which states:

"The regime established by this Convention is applicable to the whole navigable part of the Danube river between Ulm and the Black Sea over the Sulina arm with the outlet to the sea through the Sulina Canal [*Channel*]."

Clearly, these provisions contemplate jurisdiction of commission shall extend over whole Danube, to which all sections Article VII would apply. Section E Article VII, however, read in conjunction Articles XVII through XX, removes from this jurisdiction administration of two most important segments of river requiring special works.

Amendment to Section [*Article*] VII E proposed by US delegation.¹ would clearly establish primary jurisdiction of commission over whole river to insure compliance with principles convention. In order carry out such responsibilities, commission should have greater authority than merely right consult, make recommendations to and exchange information with special administrative bodies. Nothing in Soviet draft of Articles XVII, XVIII, XIX or first paragraph Article XX requires autonomous administrations to act conformity with principles convention.

Article VII therefore, imposes specific responsibilities upon commission then fails give it authority fulfill them. US Delegation submits its amendment to Article VII E with view to reconciling authority of commission with responsibilities. Past experience has shown it not only expedient but essential that special technical administrative services be established to deal with sectors of Danube presenting special problems such as Iron Gates sector and mouth Danube. It has been proposed by Czech and Hungary that Gabchikovo-Gonyu sector of Danube also be subject similar administration.

Proposed new Article XVII which submitted by US as amendment to Articles XVII, XVIII, XIX and first paragraph Article XX² would authorize commission by agreement with riparian states concerned to establish such technical administrative services. It sufficiently flexible to cover such additional special services as Czech and Hungarian proposal or any similar services which found necessary in future.

¹ The proposed amendment of the United States delegation to Article VII e/ of the Soviet draft convention read :

"e/ To review, approve, and supervise, on the basis of proposals made by the Special Services provided for in Article 17, all measures which may be usefully undertaken in respect of the upkeep and improvement of the navigable conditions and of the administration of the sections concerned, and to insure that all charges and regulations recommended, established, or applied by the Special Services are non-discriminatory and not in conflict with the principle of free and unobstructed international navigation on the Danube, as set forth in this convention."

² The proposed new Article XVII submitted by the United States delegation as an amendment of the Soviet draft convention read :

"Delete Articles 17, 18, 19, 20 of the Soviet draft convention and substitute the following article :

ARTICLE 17

In order to maintain and improve navigable conditions on the sections of the Danube presenting special problems such as the Iron Gates and the mouths of the Danube, the Commission shall by agreement with the riparian states concerned establish special technical and administrative services.

Those special services shall act on the basis of agreement between the commission and the governments of the riparian states concerned under the provisions of Article 7 e of this convention.

The personnel of these services shall be provided and appointed by the riparian states concerned and shall be placed under the direction of heads of services selected by the states concerned and approved by the Commission.

The seat of each of these special services shall be determined by agreement between the Commission and the riparian state or states concerned."

I frequently heard it said at this conference that times have changed—that rights of all riparians must be respected and not ignored (so goes the claim) as in past. Yet proposal of Soviet Union for establishment of autonomous bilateral administrations at Iron Gates and over Maritime Danube could effectively exclude other riparians from voice in administration. US believes all riparians as well as minority non-riparian should participate in administration entire river which so important to all users. We should not forget large areas of upstream riparian states do not have any other waterway access to sea. Surely these landlocked riparians have right to participate in supervision through commission of administration of these crucial navigation points on river which provide their access to sea and links between themselves. [Dustman.]

CANNON

840.811/8-1348 : Telegram

The Ambassador in Yugoslavia (Cannon) to the Secretary of State

SECRET

BELGRADE, August 13, 1948—midnight.

Deldu 67. Discussion on Article V Soviet draft convention on Danube brought to close with my statement this morning in which I replied briefly to number of statements made yesterday by Soviet bloc spokesman. Following were major points:

(1) On American rivers mentioned by Yugoslav Delegation where no non-riparian states share in control, traffic moves freely, whereas on Danube opposite is the case;

(2) Landlocked Danube states have permanent interest in effective guarantees and international control, Hungary for example needing assurance of freedom of navigation for its seagoing vessels, evidenced by official Hungarian note of November 12, 1945, recommending re-institution of prewar regulatory regime with consolidated commission including non-riparian representation;

(3) In reference to shipping provisions of ERP referred to by Vyshinski as economic dictatorship, Soviet Delegation failed to mention transfer of US ships to foreign countries since war and gradual rehabilitation of European merchant fleets;

(4) US Delegation misunderstood or misquoted judging by other delegations' statements US claims responsibility for maintenance of peace in Danube area, since our statement yesterday referred only to common responsibility with other CFM members for peace settlements and problems connected therewith. I emphasized US objectives and responsibilities in Europe well known and we did not intend to abdicate them.

With debate out of way, rest of today's session devoted largely to voting. Soviet Article V adopted by 7 to 3 vote. On Articles VI and VII (except paragraph E on which discussion deferred) there was usual 7 affirmative votes, no negative votes, US Delegation abstaining and British and French refusing even to indicate abstention. We with-

drew our amendment to alternates [*articles*] 8, 10 and 12 in view of result of vote on Article V. 7 votes were registered for Articles VIII, IX, X and XI. US Delegation voted no on VIII, abstained on others. British and French ignored voting.

On Article XII British Delegation proposed Belgrade instead of Galatz as seat of commission but withdrew amendment after Bebler spoke in opposition alleging political motives behind it. On Articles XII, XIII, XV and XVI, 7 affirmative votes, 1 abstention (US), and two non-participants. On Article XIV (French and Russian as official language of Danube Commission), French voted with majority, US abstained, and British ignored vote.

Evening session began with my introduction of US amendments to Articles VII (E) and XVII, XVIII, XIX and first part of XX (see Deldu 66, August 13). After round of speeches by satellites, several of which were distributed in conference room prior to delivery by member of Soviet Delegation, our amendments were defeated by 7 to 3 vote, and Soviet text of Articles VII (E) and XVII through XIX passed with 7 in favor each time, US and British against, and France not participating.

Czech-Hungarian amendment relating to Gabcikovo-Gonyu sector then passed 7 to 0 with 1 abstention (US) and 2 not participating in vote, but confusion reigned momentarily in Soviet camp when Lavrentiev (USSR) and Clementis could not agree to what Article in convention annex should refer. Vyshinski was absent today. Lavrentiev said matter could be settled by drafting commission [*committee*], although no such commission [*committee*] has been named except for specific purpose of drafting several articles of rules of procedure.

Articles XX, XXI and XXII passed without debate by 7 votes each time. We voted against XX and XXI, abstained on XXII. When Article XXIII (non-discrimination with respect to police and sanitary regulations) came up for vote, we caused confusion in Soviet camp by voting yes. Lavrentiev put his hand down when he saw mine was up, obviously disturbed by departure from usual pattern. After Article passed by 8 to 0 vote, Bebler proposed and obtained adjournment on ground all delegates were "getting tired". In Vyshinski's absence, Soviet bloc obviously confused by our decision to vote with them on this article. Reasons for our vote are:

(1) We wished to record an affirmative vote to show solidarity with French, who had voted yes on Article XIV, and,

(2) We shall argue, in connection with Article XXXVIII that Article XXIII is acceptable because of non-discriminatory provision. Sensation caused by our vote seems beneficial. Our strategy calls for affirmative vote on Article XXXVII also so that voting record will not consist entirely of nays and abstentions.

Committee, as anticipated, works with great speed through all articles except those on which we have submitted substantive amendments.

We reached Article XXIV tonight and our amendment to Article XXXVIII will be next stop probably early on tomorrow. Having in mind Department's instruction to move forward toward plenary we may nevertheless have to prolong discussion on Article XXXVIII to gain time for British and French to obtain instructions. Peake is still operating under instructions contemplating a break before voting. French Delegation though not yet specifically instructed favors same course. I have informed both of tenor my instructions and expect them to hold together with us until with coordinated instructions we can agree on tactics in plenary.

Sent Department. Department pass Moscow, London, Paris, Vienna, Berlin, Praha, Budapest, Bucharest, Sofia and Geneva.

CANNON

840.811/8-1448 : Telegram

The Ambassador in Yugoslavia (Cannon) to the Secretary of State

US URGENT

BELGRADE, August 14, 1948.

Deldu 69. From Dustmann for Michael McDermott and Dunning. Statement by Cannon August 14 supporting US amendment Article 38¹ follows:

¹ In the Soviet draft convention Article XXXVIII read :

"Vessels entering ports for loading and discharge shall be entitled to use loading and unloading machinery, load plant, stores, store space, etc., on basis of agreements concluded with the appropriate transportation and expeditionary agencies.

There shall be no discrimination in determining the amount of costs for services rendered.

Advantages given according to the usage of commerce in connection with the volume of services and the nature of cargo shall not be regarded as discrimination."

The proposed amendment by the delegation of the United States was that the article in the Soviet draft should be eliminated and replaced by the following article:

"Vessels in international navigation shall have a right of access to Danube River ports for loading and unloading goods and passengers, taking on fuel and supplies, and making necessary repairs. They shall have a right of wharfage, use of docks, loading and unloading facilities, equipment, warehouses, elevators, and transshipment [*sic*] facilities, so that no distinction is made as to flag or ownership, to the detriment of the nationals, goods and flag of any state, between them and the nationals, goods and flag of the riparian state itself or of the most-favored-nation.

No vessel engaged in international navigation in transit through any riparian state shall be required to make entry of any port, or be required to unload or tranship [*sic*] its cargo or passengers, in whole or in part.

Navigation companies, irrespective of nationality, engaging in commerce on the Danube, may in any Danube port establish and maintain agency offices and acquire or utilize buildings, wharfs, warehouses and other facilities for conducting their business.

All charges shall be assessed and applied without discrimination or preferential treatment in any way between the flags, vessels, goods, companies and na-

(Footnote continued on following page.)

"We would like nothing better than find in various Soviet articles assurance of adequate safeguards for 'freedom navigation' that been talking so much about. Unfortunately, USDel convinced Soviet draft more shadow than substance on this matter.

We accept Vyshinski's statement that there adequate provision Soviet Articles 1, 37 for non-discriminatory treatment as relates port dues. USDel feels that regards sanitary police regulations, adequate provisions appear be set forth Soviet Article 23.

Convention must be considered as whole. USDel cannot finally accept certain sentences or even certain articles if do not represent part of whole document which itself be satisfactory. It serves no useful purpose to have assurances non-discriminatory treatment of such items as port dues sanitary regulations if, at same time, there no assurances non-discriminatory treatment terms of 'conditions for merchant shipping' such as right of vessels to enter ports, load discharge cargo, refuel, etc.

With this in mind, let us look at Articles 21 and 38 Soviet draft.² What is purpose of clause 'subject to regulations established by Danube states concerned'? Adoption of reasonable regulations by individual states on this subject in accordance with general practice, and can give no ground for objection. But what assurance given that users of river be protected against abuses in formulation administration these regulations? Why does convention for free navigation not contain clearly non-discriminatory provisions on these points?

As in case Article 21 I should like to ask why is there inserted in Article 38 this limiting clause 'on basis agreements concluded with appropriate transportation and expeditionary agencies,' without same time protecting foreign shipping companies against discriminatory treatment this respect? We had debate few days ago on question privileged companies—those Soviet-Rumanian and Soviet-Hungarian companies we have been talking about for two or three days. USDel has shown tremendous importance this clause contains. Whole question commercial intercourse between nations by way Danube River is involved these few words.

(Footnote continued from preceding page.)

tionals of any state, or in respect of ports of departure or destination or control of vessels. Where dues are charged for the use of locks, by-passes, improved channels or river approaches, they shall be reasonable in rate, assessed solely on the tonnage of the craft, and intended only to defray the costs incurred in improving or maintaining the navigable channel.

All charges shall be published in tariffs. They shall be reasonable and designed to facilitate, not impede, navigation or commerce. They shall be levied in such a manner as to make detailed examination of vessels and cargoes unnecessary. They shall be administered in such a manner that vessels are not unduly detained."

² Article XXI of the Soviet draft convention read: "Vessels on the Danube shall have the right, subject to regulations established by the Danube States concerned, to enter ports, to load and discharge, to embark and disembark passengers, and to refuel, to take on supplies, etc."

Both these articles deal with very essentials of trade and navigation—that is, entering of ports and use port facilities. Qualifying clauses which I have read from Soviet draft would allow whole series arbitrary and discriminatory actions against vessels attempting engage international navigation. The purpose this convention is establish regime designed to achieve freedom navigation. I should like to ask, that [*then*], why these basic articles have been drafted in such manner as leave door wide open for discrimination, unless indeed there is intention discriminate?

What explanation can be given as to why principle of nondiscrimination has not been spelled out Articles 21 and 38 in Soviet draft as is being done Articles 23 and 37? May be that answer again will be that omission of anything making these articles really effective due to solicitude repeatedly professed for sovereignty of riparian states. If so, I believe that we have already effectively disposed misconception that sovereignty of riparians is in any way at stake under effective convention. Quite reverse is fact. We think that there would be more shipping on river, riparians would have more trade, and more actual and solid sovereignty if their ports could be used on truly non-discriminatory basis.

My government's concern here is that convention be such that articles shall clearly provide conditions which will serve as foundation freedom navigation. In order to assure that, we must do more than just pay lip service to principle. It is necessary to say precisely what we mean and say it without equivocation. That is what the USDel has tried to do in its proposed amendment to Article 38 which we now have under examination.

Let me refer briefly to points substance covered in US amendments. Vessels in international commerce would be assured rights access ports and facilities. This would include such essentials as wharfage rights, use docks, equipment, warehouses, trans-shipment facilities, etc. US proposal would assure that no distinctions concerning use facilities could be made basis of flag or ownership. US amendment also provides that vessels engaged in international navigation in transit through waters of riparian states should not be *required* to enter ports or unload or trans-ship cargoes or passengers.

To assure navigation companies could actually engage commerce on Danube, US draft would authorize such companies to establish and maintain agency offices and acquire buildings and facilities as necessary conducting their business. Is obvious that if these essentials are denied, there is also automatically denial of non-discriminatory treatment. These agencies would represent reestablishment normal economic intercourse along Danube to direct and obvious benefit of countries and peoples concerned. This would be in accordance practice followed all trading nations.

US amendment also provides in some detail for non-discriminatory treatment covering variety of charges in ports, locks, channels, etc. It further provides that all charges shall be published in tariffs, and that they shall be reasonable and designed facilitate rather than impede navigation.

What is there in this statement to which exception can be taken? Objection can be taken only those anxious retain freedom arbitrary decision exclude certain vessels from Danubian ports and also freedom hamper or exclude essential agencies of navigation companies.

I remind you these questions not raised in academic manner. As Vyshinski emphasized, free and open navigation principles peace treaties have been subject agreement four powers almost two years and are in treaty provisions which have been force almost one year. Still, river remains stagnant terms volume traffic and practical regulation such traffic. Words of peace treaties alone not enough. If we are seriously to fulfill purposes for which conference was called, convention must be prepared, and commission must operate, in manner conducive genuine revival trade and navigation. Qualifications Soviets draft reveal that document does not, to any practical man, furnish kind instrument needed.

USDel has carefully analyzed this draft. It finds that crippling provisions permit continuance of exclusion, discrimination, yes, even imperialism on river of type that has been all too evident in past three years. In truest sense of word, this draft reveals reactionary tendency looking towards creation more vested interests on part of one power against real interests of all peoples along river."

[Dustmann]
CANNON

840.811/8-1448: Telegram

The Secretary of State to the Embassy in Yugoslavia

SECRET US URGENT
NIACI

WASHINGTON, August 14, 1948—5 p. m.

494. Dudel 44. French Embassy has informed Dept that, inasmuch it is now evident that Soviets determined obtain adoption Soviet draft without amendment and as French Govt declines to legalize present situation on Danube by appearing accept imposition anticipated majority decision which would neither respect principle freedom of navigation nor safeguard legitimate French interests, French representative has been instructed to select in agreement with his US and Brit colleagues suitable opportunity for rupture conference. French suggested such opportunity might be rejection by conference of amendments to Preamble and first two Articles Soviet protocol. French Govt

would have liked similar authority given US and Brit representatives.

Dept has replied to Emb along lines instructions contained Dudel 39, Aug 12 (to Belgrade as 483) pointing out our firm conviction overriding importance remaining conference through final vote but at same time emphasizing that US appreciates considerations set forth by French and is determined to make US position clear in that respect by final summary statement, by voting against Soviet convention in plenary and by refusing to sign or to attend ceremony of signature of such convention.

MARSHALL

840.811/8-1448: Telegram

The Ambassador in Yugoslavia (Cannon) to the Secretary of State

SECRET US URGENT
NIACT

BELGRADE, August 14, 1948—7 p. m.

Deldu 71. I understand British delegate has received instructions to make his final statement before final voting takes place, and not participate in final voting. It is left to him to choose whether to be physically present in the room. In any case, he is to avoid a dramatic withdrawal. French have or expect to receive somewhat similar instructions.

Department will have noted that on individual articles I have sometimes abstained, sometimes voted no, and twice voted yes, on articles 23 and 37. This was of course by design.

I intend to vote no on whole convention, and to refuse to sign. Therefore no full powers needed.

Question may arise concerning signature to "final act." It seems to me that if this is merely record of proceedings there would be no harm in signature. However, if miscellaneous resolutions should be introduced or convention annexed signature might be inappropriate. Has Department any special instructions on this point?

CANNON

840.811/8-1448: Telegram

The Ambassador in Yugoslavia (Cannon) to the Secretary of State

SECRET

BELGRADE, August 14, 1948—8 p. m.

Deldu 70. General Committee of Danube Conference disposed Articles 24 through 37 of Soviet draft this morning in a rapid succession of votes. No amendments had been submitted, and Chairman Pauker did not take the time to ask for observations or discussions.

Seven affirmative votes were cast for all but Article 37, when US vote made it eight. We voted yes for same reasons as on Article 23 (Deldu 67, August 13). USDel voted against 24 and 33, abstained on others. British and French delegations ignored voting.

I presented US amendment to Article 38 with statement cabled separately today. Peake gave support in barbed speech taking issue with conference theme of new democracies defending sovereign rights against reactionary western imperialists. He brought in 50-50 companies again, directly accusing USSR of imperialism in Danube region. Szanto and Pauker replied vigorously along expected lines, Lavrentiev in Vyshinski's continued absence closing discussion with attack on British and US imperialism in various parts of world including Greece, India and China. US criticism of Soviet draft, said Lavrentiev, revealed intention to establish regime of capitulations. Direct answer to my statement avoided.

US amendment to Article 38 was rejected by 7 to 3 and Soviet Article passed by 7 to 1, with British and French not voting. Articles 39 and 40 each won seven votes. On former, we abstained; on latter we voted no.

Ukrainian delegation's proposal to skip tonight's meeting and hold next one Monday¹ morning was adopted. Since only two articles and supplementary protocol remain to be discussed and voted on, it appears that Soviets did not wish to finish the draft today in absence of Vyshinski and therefore called for adjournment until Monday. We had also taken precaution of prolonging debate on Article 38 in order to allow time, over weekend, for British and French to receive instructions (see my immediately following telegram).²

General Committee could complete work Monday, but we are not sure whether Soviets intend to delay return to Plenary, where same rotation in effect, until after Peake (Monday) and I (Tuesday) have taken our turns in the chair. Vyshinski follows on Wednesday. Today Soviet delegation unexpectedly introduced four new Articles, of which one deals with procedure and meetings of Danube Commission, second is nearly identical with our Article 20, third with our Article 40, and fourth defines Danube states as those bordering Danube as described in Article 2.

Sent Department; Department pass Moscow, Paris, London, Sofia, Bucharest, Budapest, Berlin, Praha, Vienna, Geneva.

CANNON

¹ August 16.

² See telegram Deldu 71, *supra*. This telegram was sent from Belgrade at 7 p. m., and was received at 7:02 p. m., in Washington, whereas telegram Deldu 70 left Belgrade at 8 p. m., and arrived in Washington at 8:49 p. m., on August 14, 1948. A partial correction of some sentences in the latter telegram was only received at 11 a. m., on August 16.

840.811/8-1448: Telegram

The Secretary of State to the Embassy in Yugoslavia

SECRET US URGENT

WASHINGTON, August 16, 1948—1 p. m.

495. Dudel 45. Reference your Niac Deldu 71 Aug 14, full powers went forward you sometime ago as general formality. In view decision not to sign convention these should now be disregarded.

Dept believes final act should not be signed even if no miscellaneous resolutions, protocols, and Soviet convention attached. Dept may wish to denounce whole proceedings later, therefore would prefer no signature of final act.

Dept assumes tel from Paris sent Dept as 4216 and rptd Belgrade as 104 Aug 14,¹ supersedes views expressed Dept by French Embassy Aug 14 reported to you by niact 494 Dudel 44.

MARSHALL

¹ Not printed. Ambassador Caffery reported from Paris in this telegram that the French Foreign Ministry had stated that it believed that the point of view of the United States, rather than that of the British, was correct and that it would so inform the French delegation in Belgrade. (840.811/8-1448)

840.811/8-1648: Telegram

The Ambassador in Yugoslavia (Cannon) to the Secretary of State

US URGENT

BELGRADE, August 16, 1948.

Deldu 73. From Dustmann to Michael McDermott and Dunning. Statement by Cannon support UK amendment to Article 41¹ Au-

¹ The proposed amendment of the United Kingdom called for the deletion of Article XLI of the draft convention of the Soviet Union and its replacement by this new article:

"1. Upon the entry into force of the present Convention, the Danube Commission shall immediately establish contact with the United Nations in order to submit to the appropriate agency of the United Nations the annual reports on the application of the present Convention.

2. A Conference of the signatories of the present Convention shall be convoked every three years by the Secretary General of the Danube Commission with a view to examining all the questions that may arise in connection with the present Convention.

3. All questions relative to the interpretation or application of the present Convention shall be submitted to the Danube Commission. If the Danube Commission is unable to settle a difference that was submitted to it relating to the interpretation or application of the present Convention to the satisfaction of all the parties concerned, this difference shall be submitted if two or more members of the Commission so demand within 6 months of examination by the Commission for decision by the agency established by the United Nations Charter in virtue of the provisions of this Charter and the Statute of the International Court of Justice.

If one State neglects to execute a decision taken by the Danube Commission in virtue of the powers it derives from the present Convention, the difference may also be submitted to the agency mentioned in the preceding paragraph."

gust 16. USDel gives full support to British amendment to Article 41 Soviet draft.²

First part that amendment similar to our new article.³ For that reason I willing consider discussion on British amendment as covering also article proposed by USDel; I shall not ask Peak [*to speak*] again concerning US amendment unless points raised this debate to which I might wish reply.

View of US that new regime for Danube should be brought into association with UN already been set forth. I want say again that support of UN is cornerstone American foreign policy. We want see its authority, prestige strengthened every way.

To this end we have proposed there be formal relationship between Danube Commission and appropriate body UN. This relationship would not place Danube Commission under control UN. Commission would retain autonomy just as those various specialized agencies, such as International Bank, UNESCO, WHO have retained full autonomy after establishing formal relationship with UN through agreements negotiated with ECOSOC.

Freedom of navigation on Danube and increased flow trade which would bring about are matters primary interest to Economic Commission Europe and ECOSOC. In our amendment, however, we left language general terms. We want emphasize general principle association with UN. Detailed arrangements could not be decided this conference alone, but have be worked out later between Danube Commission and UN.

I turn to third paragraph British amendment dealing with settlement disputes concerning interpretation or application convention. USDel attaches great importance this matter. All nations whether riparian or not, whether parties to convention or not, should have access to impartial tribunal for settlement disputes which not resolved

² The text of Article XLI in the Soviet draft convention is:

"Any dispute between the parties to this Convention with respect to the application and interpretation of the Convention which cannot be resolved by direct negotiation shall be, at the request of either party to the dispute, referred for settlement to a Conciliation Commission composed of one representative of each party and one representative appointed by the Chairman of the Danube Commission from among the nationals of States, not parties to the dispute, and in case the Chairman of the Commission is a national of the State, party to the dispute, the appointment shall be made by the Danube Commission.

The decision of the Conciliation Commission shall be accepted by the parties to the dispute as definitive and binding."

³ The new article which the United States delegation proposed to follow Article XLI of the Soviet draft convention read:

"The Danube River Commission shall be brought into association with the appropriate organ of the United Nations.

The Commission shall exchange information and documentation with the United Nations.

Meetings of the Commission shall be open to representatives of the United Nations sitting as observers."

directly between parties concerned or by commission to satisfaction parties concerned. Article 41 Soviet draft does not provide for appeal beyond Danube Commission since chairman would name that member of proposed conciliation commission who would have decisive vote. Access to impartial tribunal is essential safeguard to make sure freedom navigation not only provided in convention but observed in practice. Important thing is to settle such disputes by final binding decisions of judicial body.

Obviously body best qualified to make such legal decisions is International Court. In case disputes likely endanger peace security, recourse could be had to sounder [*SC under*] appropriate articles charter. Peace treaties with Rumania, Bulgaria, Hungary provide impartial tribunal empowered hand down binding decisions in event other methods do not succeed. Formula found Article 38 Rumanian peace treaty. I will read only pertinent section: ⁴

This arrangement is in our view less satisfactory than reference International Court. US originally hoped to have provision for reference disputes to court. But treaty text does provide for binding decision reached with participation or assistance duly constituted authorities UN. USDel does not see how can do less than that in this matter before us.⁵ [Dustmann.]

CANNON

⁴ The second and third sentences of Article XXXVIII, which Ambassador Cannon read at this point, are as follows:

"Any such dispute not resolved by them within a period of two months shall, unless the parties to the dispute mutually agree upon another means of settlement, be referred at the request of either party to the dispute to a Commission composed of one representative of each party and a third from nationals of a third country. Should the two parties fail to agree within a period of one month upon the appointment of the third member, the Secretary General of the United Nations may be requested by either party to make the appointment."

⁵ The article proposed by the delegation of the United Kingdom was defeated in the General Committee session on August 16 by a vote of 7 to 3. The United States proposal to insert a new article after Article XLI was similarly defeated. The article in the Soviet draft convention was adopted by 7 votes to 1, with 2 delegations not participating.

840.811/8-1648: Telegram

The Ambassador in Yugoslavia (Cannon) to the Secretary of State

US URGENT

BELGRADE, August 16, 1948.

Deldu 75. From Dustmann for Michael McDermott and Dunning. Summary of Cannon's remarks in declining serve on drafting committee Danube Conference August 16:

Inasmuch as English excluded as official language, it shows little tact to propose US for drafting committee to prepare official document conference.

Czechoslovak delegate replied it mistake to employ word "excluded" in referring to English. USDel emphasized English had been "excluded" since at opening session he specifically asked it be included as official language and this request rejected. Conference already demonstrated how difficult it be for US to do satisfactory work on drafting committee of conference where words meant different things to different delegates.

After further debate, USDel replied could not understand how anyone could reproach USDel for declining participate drafting committee. Pointed out that majority had already virtually accepted text convention and that work drafting committee therefore purely mechanical. Some delegates, he stated, have already accepted Soviet text *in toto*. Therefore, no real labor for drafting committee. Principal job is give article numbers to four new Soviet amendments. He suggested it would be more appropriate discuss these in course of debate and said did not understand why they shoved it in at last moment.¹ USDel pointed out he had agreed serve on credentials committee, adding this acceptance certainly demonstrated USDel indeed doing share work with others delegates. He said he not like slur cast on USDel [by] word "unwilling", which meant that US not willing work with conference. It especially inappropriate, he said, that USDel should be asked serve this particular committee and added he had given rich reasons for that opinion. [Dustmann.]

CANNON

¹ According to the report sent in telegram Deldu 79 from Belgrade at midnight on August 17, 1948, the four new Soviet articles which had been introduced earlier were voted upon without discussion at the morning session of the General Committee on that day. They were adopted by votes of 7 in favor, with 1 abstention (United States), and 2 not participating (United Kingdom and France). (840.811/8-1748) These four new articles became Articles VII, XIX, XVII, and XLIV, respectively, in the final convention adopted at the Belgrade conference.

840.811/8-1648: Telegram

The Ambassador in Yugoslavia (Cannon) to the Secretary of State

SECRET

BELGRADE, August 16, 1948—midnight.

Deldu 76. At start of today's meeting Danube Conference shifted from general committee to plenary to appoint credentials and drafting committees. Soviets proposed US as member drafting committee along with USSR, Bulgaria, Czechoslovakia, Hungary, Yugoslavia, and France. I declined for USDel saying this was tactless proposal in light of exclusion of English as official language. France also declined, as did UK, proposed as substitute for US. Vyshinski deplored our decision, stating this a political question. Three western powers,

he said, had taken positions in opposition to majority but nevertheless as participants in conference should be represented in drafting committee, final phase of conference work. He noted that USSR at UN had not refused to participate on such committees though in minority. I replied drafting committee not important and that I had given good reasons for non-participation, pointing out USDel was participating in conversations [*conference*], had accepted appointment to credentials committee and ready to go on with discussion of amendments.

Secretary General notified conference of communications from Italian, Belgian, and Greek Governments reserving their rights under 1921 convention. Soviet bloc voted down proposal letters be circulated, then passed, 7 to 3, Ukrainian proposal that conference take note of Secretary's statement. Soviet spokesman claimed this vote ended matter, barring future discussion on it. I pointed out no decision had been taken on whether or how conference would reply to letters, and that question would be raised after delegations had chance to read them.

With conference again in committee British delegation introduced amendment to Article 41 covering relationship to UN and procedure for settlement of disputes. I supported British amendment, at same time defending our proposed new article on UN relationship in statement cabled Deldu 73 today's date. Principal argument of Vyshinski's reply was that peace treaty procedure for settlement of disputes was applicable also to disputes over Danube Convention, with changes required by different conditions. He rejected idea of appeal to International Court on ground Danube disputes were affair of Danube nations, whereas Court, with judges from El Salvador, Mexico, China, Egypt, et cetera, no proper body to take up disputes on Danube. Composition of Court, he said, showed majority for Anglo-American-French bloc and only [two] judges were from Danube states. Danube states therefore wanted disputes settled by bodies and individuals from Danube area, not by judges from remote countries like El Salvador. He concluded law could not be separated from politics and judges' decisions necessarily reflected politics.

UKDel, Fletcher Cooke,¹ in cogent and forceful statement, replied to Vyshinski's "attack" on the Court, referring to differing conceptions of justice perhaps impossible to reconcile. He mentioned Articles 2 and 20 of statute of Court and judges' oath. Vyshinski's response was comparatively weak, largely repeating earlier arguments. He denied having cast aspersions on integrity of judges, although in fact his remarks had been very strong, inferring Court a packed political body

¹ P. Fletcher-Cooke, Legal Adviser with the United Kingdom delegation at the Belgrade conference.

with no justified claims to impartiality. British amendment and US new article voted down by 7 to 3, then Soviet article 41 passed by 7 to 1 (US).

French complicated matters by introducing proposed new Article 41 bis (Doc Com Gen 7) on revisions of convention in future, which we had expected them to withdraw. Article provides for possible revising conference made up of signatories to convention, with revisions going into effect only when all signatories ratify. French seemed to ignore fact that three western powers, likely non-signatories, did not wish to exclude themselves from participation in future conference to revise convention. Also CFM decision of December 1946, making no reference to signatories, lists by name participants in such conference. Vyshinski accepted French proposal with amendment providing for revisions going into force when 6, instead of all, signatories ratified convention. Amendment carried by 7 to 3, whereupon French withdrew their proposal, relieving situation which might have been quite embarrassing to us. USSR then made its own proposal for article on lines of French proposal as amended by Soviets. It was carried by 7 to 3 votes.

I am chairman at tomorrow's session, during which we should finish discussion of draft convention, hear reports of committees, and possibly return to plenary.

Sent Department; pass Moscow, London, Paris, Sofia, Bucharest, Budapest, Prague, Vienna, Geneva for Thorp.

CANNON

840.S11/8-1748: Telegram

The Ambassador in Yugoslavia (Cannon) to the Secretary of State

US URGENT

BELGRADE, August 17, 1948.

Deldu 77. From Dustmann for Michael McDermott and Dunning. Statement by Radius, deputy chairman, supporting US amendment to Article 42,¹ August 17, 1948. Remarks I make on US amendment to

¹ Article XLII in the Soviet draft convention read:

"The present Convention, of which the Russian and French texts are authentic, shall be ratified and shall come into force upon the deposit of six ratifications. The instruments of ratification shall be deposited with the Government of the People's Federal Republic of Yugoslavia, in the archives of which shall be deposited the original copy of the present Convention.

The Government of the People's Federal Republic of Yugoslavia shall furnish certified copies of the original Convention to all the parties of the Convention and shall inform them of the deposition of instruments of ratification as they are deposited."

The amendment proposed by the United States delegation was to delete the

Article 42 also apply to French proposal Article 42 and can be considered covering both amendments.

Provision in Article 42 Soviet draft that convention come into force upon deposit only six ratifications not only inequitable but contrary to principle freedom navigation.

Provision for entry into force convention upon deposit six ratifications ignores rights non-ratifying states, both participants here and those not represented this conference. US can not accept concept that convention can validly deprive any state its rights without consent.

Consider situation with respect nine riparians alone. Article 42 Soviet draft provides convention come into force soon as six states ratify. Even if legality this procedure not questioned, let us consider practical problems this provision might present.

There no question but that convention regarding free navigation waters wholly within territories different states must be ratified by each those states in order become effective respective territories. Convention certainly cannot be applied to state's territorial waters without its approval. Effort to apply convention to waters state without concurrence would truly be "infringement sovereignty" by any definition. Yet, under terms Soviet draft convention can be brought into force without ratification by one of downstream states. How could convention be any benefit if either freedom access to sea denied, or if convention not accepted by state through which traffic must flow? Obviously there would be endless stream complications disputes, which would make convention useless.

I assume we shall be told such contingency cannot occur since seven voting riparian states present reached full agreement on Soviet draft and will ratify convention. But there seems be some doubt whether all

entire article of the Soviet draft and to insert the following provisions for the article:

"The present convention shall be ratified and the instruments of ratification thereof and instruments of adherence thereto shall be deposited with the Government of the People's Federated Republic of Yugoslavia, which shall notify all states referred to in the preamble and all adhering states of the date of each such deposit and of the date of entry into force of this convention.

The present convention shall come into force upon the deposit of instruments of ratification by Bulgaria, Czechoslovakia, France, Hungary, Rumania, the Ukrainian Soviet Socialist Republic, the Union of Soviet Socialist Republics, the United Kingdom of Great Britain and Northern Ireland, the United States of America, and Yugoslavia and the deposit of an instrument of adherence thereto by Austria.

After the entry into force of this convention, any state which is a member of the United Nations may adhere thereto by depositing an instrument of adherence. Each such adherence shall become effective on the date of its deposit.

The signed original of the present convention shall be deposited with the Government of the People's Federated Republic of Yugoslavia, which shall promptly transmit certified copies thereof to each of the signatory states and to Austria."

seven riparian states will ratify. Why weren't seven ratifications required for entry force convention?

If convention were to come into force upon deposit only six ratifications as provided Soviet draft it could only be applied to that portion Danube within national borders ratifying states. This in itself would prejudice objective CFM resolution to open entire Danube to free unimpeded navigation.

Provision for entry into force convention upon six ratifications not only fails give appropriate recognition to basic riparian rights states on Danube but also ignores whatever rights interests non-riparian states have in Danube.

Danube has served as avenue international navigation not only for riparian states but also for non-riparian states in trade with states on banks. Furthermore since 1815 various non-riparian states have held rights on Danube by treaty and since 1856, one or more international commissions on which non-riparian states represented have been functioning under treaties.

Rights non-riparians in connection with European rivers has been recognized other ways. For example, judgment rendered by Permanent Court International Justice September 10, 1929, in which court held jurisdiction international commission charged with administration of Oder River extended to section of the Warthe (Warta) and Netze (Notec) Rivers situated Polish territory.

Court stated solution "has been sought not in idea of right passage in favor upstream states but in that of community of interest of riparian states", that community of interest in navigable river "becomes basis of common legal right essential features which are perfect equality all riparian states in use whole course river and exclusion any preferential privilege one riparian state in relation to other", that introduction of representatives of non-riparian powers on river commissions was "not exclusively or mainly due to desire to afford greater measure protection to interests landlocked states", but was "rather to be explained by interests non-riparian states may have in navigation on waterways in question", and it be difficult understand why that interest should not be recognized "where question of reaching ports of last upstream state involved", as interest all states is in liberty navigation both directions.

French and US proposals for amendment Article 42 would give both riparian non-riparian states represented here effective voice in determining whether new regime shall be established for Danube. That procedure is truly in keeping with nature [and] history of Danube. [Dustmann.]

840.811/8-1748 : Telegram

The Ambassador in Yugoslavia (Cannon) to the Secretary of State

BELGRADE, August 17, 1948.

Deldu 78. From Dustmann for Michael McDermott and Dunning. Statement by Radius supporting French amendment to delete supplementary protocol from Soviet Draft Convention¹ at night session General Committee Danube Conference August 17. US Delegation wholeheartedly supports French proposal deletion supplementary protocol from Soviet draft convention. I should like make some comments, few observations regarding one aspect that protocol.

It been said many times on floor this conference that Danube Convention 1921 dead. Soviet Delegation particularly has tried show 1921 Convention no longer in effect. US Delegation finds nothing convincing in any of Soviet Delegation's arguments this point.

First, there is argument that act of signature by UK, France, Rumania of agreement signed August 18, 1938 and signature by France, Germany, UK, Rumania of agreement signed Bucharest March 1, 1939 regarding European Commission of Danube terminated 1921 Convention. This argument based upon grounds two-thirds of states' signatories that convention not consulted. Reference made this connection to Article 42 of 1921 Convention.

Fact that few states may have been omitted in formulation of 1938-1939 agreements did not render 1921 Agreement void. At worst most effect such action could have had was render 1921 Convention voidable. I quote this connection following statement from McNair's *Law of Treaties* (1938 P 515)² in which it stated in connection with right to

¹The supplementary protocol in the Soviet draft convention read:

"It is stated that the regime of navigation on the Danube applied formerly as well as the acts providing for the establishment of that regime, in particular the Convention of 1921, are null and void.

All property owned by the European Commission of the Danube shall be transferred to the Administration of the lower part of the Danube.

Agreement has been reached that all obligations of the European Commission of the Danube regarding the payment of credits granted to it by Great Britain, France, Russia and other states shall be recognized as cancelled.

The obligations of the former International Commission of the Danube as well as the obligations of the former Administration of the Iron Gates and Cataracts and the guarantees for securing these obligations shall be recognized as cancelled.

The property of the former International Commission of the Danube which has not been liquidated shall be transferred to the Danube Commission provided for in Article 5 of the present Convention. The part of the property of the International Commission of the Danube transferred to the former Administration of the Iron Gates and Cataracts and all the property of the former administration of the Iron Gates and Cataracts shall be transferred to the Administration of the Iron Gates and Cataracts established in accordance with Article 18 of the present Convention."

²Arnold Duncan McNair, *The Law of Treaties: British Practice and Opinions* (Oxford, Clarendon Press, 1938), p. 515.

consider a treaty terminated as result of its violation that: "(A) . . . in general terms, such right exists; (B) that exercise this right is optional at discretion of party wronged".

Since signatory states 1921 Convention did not take position that that convention was terminated by signators 1938-1939 agreements, signature those agreements has not affected validity 1921 Convention. By what right can Soviet Union which never party to 1921 Convention, insist any alleged violation terminated Convention?

Second, doctrine of *rebus sic stantibus* also been advanced as argument that 1921 Convention no longer in force. What are changed conditions which would justify application that doctrine? Mere fact CFM recognized need for new Danube Convention and treaties peace Bulgaria, Hungary, Rumania contain provisions guaranteeing freedom navigation on Danube cannot justly be considered as rendering 1921 Convention null void. CFM decision was in no wise inconsistent with purposes 1921 Convention nor are provisions treaties peace inconsistent that convention.

What changes have occurred in Danube which would justify application of *rebus sic stantibus* doctrine? How can any of political changes which taken place justify application that principle to instrument like Danube Convention 1921?

I quote from Garner's *International Law and World War* Volume II page 218³ where there discussion that doctrine:

"The clause *rebus sic stantibus* should only be resorted to in very exceptional circumstances. All are agreed that a change of government or even in the form of government does not, in general, affect the obligation of treaties. As there is great danger in the abuse of this principle, it should be emphasized that the principle *rebus sic stantibus* implies a complete change in the state of things which was the basis of the treaty and one of its tacit conditions. The change of circumstances must be such as either to render the execution of the treaty difficult or impossible or to entail the performance of obligations which were not foreseen by the contracting parties and which, had they been foreseen, would never have been assumed.'"

It been asserted that Convention 1921 terminated by war. In connection with effects of war on treaties I refer to statements made in Hackworth's *Digest International Law* which frequently quoted this conference as authority. I quote from page 297 Volume 5:⁴

"The effect of war on treaties has greatly perplexed the courts and administrative authorities as well as eminent writers. The law on this

³ James Wilford Garner, *International Law and the World War* (New York, Longmans, Green, 1920), vol. II, p. 218.

⁴ Green H. Hackworth, *Digest of International Law* (Washington, Government Printing Office, 1940-1944), vol. v, p. 297.

subject is by no means settled. The authorities, as well as the practice of nations, present a great contrariety of views. The law on the subject is still in the making. As to executed provisions of treaties, such as those relating to boundaries and vested rights, no difficulty is presented. They are generally regarded as unaffected by war. As to the executory provisions, however, much depends upon their intrinsic character. The view has been taken that certain classes of bilateral treaty provisions, not expressly applicable to a state of war, are *ipso facto* terminated by war; that other classes are suspended during war; and that still others, though not expressly made with a view to conditions of war, may operate during war. No well-defined line of demarcation between the different categories may be said to have unanimous sanction. Much of the confusion with respect to pre-war treaties which might otherwise have resulted from the World War of 1914-18 was avoided by the treaties of peace. For example, the Treaty of Versailles provided in article 289 that the Allied and Associated Powers should notify Germany within six months from the date of the coming into force of the treaty of those bilateral treaties or conventions with Germany which they desired 'to revive' and that 'all the others are and shall remain abrogated.' "

Supplementary protocol to Soviet draft assumes 1921 Convention still has validity. First paragraph protocol provides:

[For the text of this paragraph, see footnote 1, page 713.]

If 1921 Convention is dead as Soviet delegation [*delegate*] insists it is why does his delegation consider it necessary mention it at all. Once any convention dead, there no further need take any measures dispose it. Obviously Soviet delegation not convinced 1921 Convention dead.

US delegation believes 1921 Convention continues in fact to be valid instrument. Accordingly, it follows that states parties to 1921 Convention entitled to all rights provided that convention until they agreed otherwise or until competent tribunal has adjudicated any differences which may exist with respect to rights. USDel has particularly in mind position Belgium, Greece, Italy who not represented this conference but who have requested this conference respect their rights.⁵ [Dustmann.]

CANNON

⁵ The Soviet draft convention article XLII was adopted by the conference on August 17, 1948, by a vote of 7 to 2, with France abstaining, after the American and French amendment proposals had both been defeated by a vote of 7 to 3. The vote was 7 to 2 in favor of acceptance of the Soviet draft supplementary protocol. All was accomplished in time so that Ambassador Cannon reported in telegram Deldu 79 from Belgrade on August 17, midnight, that the final draft of the convention had been completed by the Drafting Committee and it would be distributed that night. He expected that August 18 would be the last day of the conference.

840.811/8-1848: Telegram

The Ambassador in Yugoslavia (Cannon) to the Secretary of State

US URGENT

BELGRADE, August 18, 1948.

Deldu 81. From Dustmann for Michael McDermott and Dunning. Statement by Cannon August 18 before plenary session. Delegates of ten governments have now sat round table, flanked by deputies, experts for nearly three weeks. We made speeches, appointed committees, discussed specific articles of proposed new treaty. To all outward appearances we gone through motions of normal international conference.

But anyone who been seated this hall or gallery knows this been deception. This been unique performance in history international negotiations. I know no previous international conference where majority participants, with cynical solidarity, have refrained from proposing even minor changes in text laid before them for discussion. Document about to be put to final vote, document which Soviet delegate brought to conference to receive stamp approval.

It been our hope that delegates would be able really work out new regime free navigation Danube. We been thinking of agreement which would have these objectives:

1. To promote river trade within entire Danube Basin, to invite trade other nations into Danube River ports.
2. To assure that merchant ships any flag could use without discrimination these waters port facilities, subject only to equitable regulations.
3. To set up regime for regulation navigation adapted to special problems of great river system serving many states and responding to expanding requirements modern shipping traffic.
4. To coordinate administration this great waterway with other international undertakings through UN relationship.
5. To provide efficient impartial means for conciliation differences, for settlement disputes.

Draft agreement laid before us by Soviet delegate at beginning conference did none these things. That draft with no significant changes is document we now offered for final vote and signature. There been no negotiation. There been no attempt to reconcile differences of technical opinion. There been no compromise even in matters of form. In order explain this extraordinary situation we must say something about character of conference itself.

At opening ceremony Soviet delegate said: "Convention adopted here will not have be referred anyone. It will be adopted by majority conference signed by those who will sign and will come into force without consent of small minority if there be such minority." On first real working day July 31 it made brutally clear that there to be no real discussion of problem for which we brought together. There was

solid phalanx seven governments which already committed to adoption this Soviet text and already determined disregard whatever proposals US, UK, French delegations might present. On first working day we told "the door was open to come in, the same door is open to go out, if that is what you wish."¹

We not go out, we stayed on, trying every day to persuade conference take step toward genuine agreement.

Soviet draft convention laid before us August 2. Six other delegations accepted it without reservation. Some declared it perfect instrument.

To US delegation, Soviet draft for all declaration good intent, does not provide basis for reopening river to freedom trade navigation. It does not implement recommendations of Paris conference or CFM decisions. We think it backward step in that it represents new determined effort to cut off certain Danubian states from normal, essential, intercourse with rest world.

US objections to Soviet draft summarized briefly under five points.

1st. Draft fails prevent discrimination against shipping on river. It provides non-discriminatory treatment only for such minor things as port dues, sanitary regulations. On basic issues such as access to ports and facilities draft would leave door open to continuation exclusive discriminatory practices that been followed for past three years.

2nd. Draft fails recognize interest riparian states in rest world and interest rest world in trade with this region. This draft would provide mechanism for controlling economic intercourse with outside areas, even to detriment some riparian states themselves. There been explicit rejection any relationship with UN.

Convention eliminates non-riparian representation on new Danube Commission. Members this conference must surely realize non-riparian representation would be best assurance of more effective utilization of river and stimulation trade shipping.

3rd. Convention presents weak, badly organized commission with river system too narrowly defined since tributaries, important lateral canals omitted and only one outlet to Black Sea included. To complete picture of ineffectual commission, provision been made for establishment autonomous river administrations outside commission's real control.

4th. Austria one most important riparian states with its great Danubian trade, barred from participation for time being. Question participation Germany ignored entirely.

5th. Convention attempts arbitrarily nullify 1921 convention. These provisions contrary not only to rights certain participants conference but also to rights other signatories 1921 convention, as Belgium, Greece, Italy.

¹ The quotation is here printed in accordance with the slight correction sent in telegram Deldu 85 from Belgrade on August 21, 1948.

After examining Soviet draft US, UK, France delegations submitted 28 amendments. Every one on which vote taken rejected with seven negative votes. Every article Soviet draft accepted thanks to votes these same seven states.

With that on record, it strange hear talk about dictatorship of minority. There no minority machine. Record shows even no uniformity in minority voting.

Behind each delegation are specialists, experts. Experts in maritime law, in practical problems merchant shipping, in technical problems hydraulic works, river control have sat here day after day listening to dreary political debates. Not once have they or their chief delegates with their advice grappled with practical problems we had hoped solve.

When we came here Danube River was dead to international trade as world understands term. When we leave here there will be no change, no change except present regime rigid Soviet control from Bratislava to Black Sea will have been acknowledged by seven governments at conference.

US delegation been perfectly frank in opinion special privileged position Soviet-controlled joint companies Hungary, Rumania, Yugoslavia is major obstacle to free navigation on Danube. We maintain this system interlocking enterprises constitutes huge monopolistic combine which in effect excludes commerce other countries from lower Danube. So long as this exclusive system continues, we do not see how shipping of other countries can operate in these reaches Danube at all. We think this one major problems this conference but each mention it brought forth charge of American "economic domination" and "imperialism."

That one of strange things about conference, for history of relations of US with Danubian nations has proved to world disinterested concern American people in their welfare. Most delegates here have talked great deal about sovereignty as though merchant ships other nations in river ports would bring harm. That has hollow sound when one considers economic price nation pays when trade intercourse throttled to advantage of single powerful neighbor. It has hollow sound when one considers instances interference in internal affairs of states of this region past few years.

Freedom navigation is important objective American foreign policy. We regret it not been possible for us to reach agreement here on convention which would guarantee that freedom on Danube. In absence guarantees we cannot accept treaty which now before conference.

When ships can again freely go up and down river, revival trade should bring immediate benefits to nations of both eastern western Europe. It is in fact one of conditions Europe's recovery.

American people have undertaken unprecedented program long-term aid Europe. They have real abiding interest in what happens on Danube. They will not lose that interest merely because this conference not found agreement on way to restore Danube to its great usefulness to people Europe. [Dustmann.]

CANNON

840.811/8-1848: Telegram

The Ambassador in Yugoslavia (Cannon) to the Secretary of State

SECRET

BELGRADE, August 18, 1948—9 p. m.

Deldu 82. Danube Conference ended this afternoon following adoption convention by 7 votes to 1.¹ USDel cast the negative vote. British and French remained in conference hall to the end but took no part in voting.

Vyshinski sprang surprise at start of session this morning announcing that while USSR had right to 2 votes in Danube Commission, it would take only 1. This would be vote of USSR including all Constituent Republics. Ukraine would not be represented. Move foreshadowed by naming of USSR, not Ukraine, as participant with Rumania in special administration for maritime Danube. This concession evoked no comment from conference.

As Vyshinski as chairman prepared to take vote on convention, Thierry led off day's speeches with formal statement of French position. He declared France could not sign convention before conference, as it was not in conformity with CFM decisions and peace treaties, nor with text nor spirit of UN Charter. Convention, he said, was dictum [*diktat*] issued by one power and accepted by docile majority. He reserved all France rights under 1921 convention.

After Yugoslavian and Bulgarian Delegations had registered indignant protests against accusation of docility, Peake stated UK grounds for refusing to sign. These were roughly same as French, with greater emphasis on Soviet railroading tactics here, mention of

¹ The Convention regarding the Régime of Navigation on the Danube was signed at Belgrade on August 18, 1948, by the seven Danubian states which had participated in the conference. The Convention consisted of a preamble; 47 numbered articles; an Annex I on the entry of Austria into the Danubian Commission; an Annex II on navigation works in the Gabchikovo-Gönyü sector to ensure normal conditions on the river; and a Supplementary Protocol asserting that the provisions of the convention signed in Paris on July 23, 1921, were null and void, and that the functions of the former European and International Commissions of the Danube shall be cancelled. The first meeting of the new Danube Commission established by the Belgrade Convention opened at Galatz on November 11, 1949. For the text of the convention, see United Nations Treaty Series, vol. xxxiii, pp. 181-225.

Austrian issue, and reference to Soviet refusal to refer question of validity of 1921 convention to International course [*Court*].

Seeing that all delegations would have chance to speak, I maneuvered to have my declaration put off until as near the end as possible. Pauker, Clementis, and Molnar delivered brief but strongly worded statements defending their governments against charge of being docile and attacking past and present imperialist policies of western powers. Rosenberg stated AusDel had kept quiet during discussion of convention as it had no right to vote and that since Soviet draft accepted by majority from start, reasoned argument would be unavailing. He announced no convention not signed and ratified by Austria could be considered as in effect in Austria.

Near end of morning sitting I delivered statement cabled in Deldu 81 today. Vyshinski was only remaining speaker. He tried to show that SovDel had been willing to negotiate, citing three articles taken from US draft, acceptance of a French amendment with slight changes, and inclusion in Soviet draft of a number of articles taken from 1921 convention. He deplored decision of western powers not to sign, calling it violation of CFM decision of December 1946. He then talked at length on inequity of 1921 convention which violated sovereignty of Danube states, closing with general remarks on obsolete racial [*social*] forces and "acquired rights" attempting to hold back forward movement of new society led by USSR. Final remarks were buttressed by quotations from great Stalin and great Molotov.

This was probably Vyshinski's most ineffective speech of the entire conference, as satellites could scarcely have failed to notice. During last three days and especially today he has looked harrassed and not happy about the way things were going. From tactics he has pursued at conference he must have known no other final result possible, yet his last minute attempts to make the performance appear less crude seem to show realization he may have overplayed Soviet hand.

At afternoon sitting Vyshinski as chairman put convention to vote article by article. Each of 56 separate votes resulted in 7 in favor, none against, with one abstention (US). British and French ignored voting. When convention as whole put to vote, USDel voted no.²

Convention being signed this evening. We are staying away from ceremony and from cocktail party being held immediately thereafter.³

² The Department of State released to the press on August 18, a statement on the rejection of the Soviet draft convention, and on the position taken by the United States government; for text, see Department of State *Bulletin*, September 12, 1948, p. 333.

³ The convention was signed at a special evening session at 7 p. m., by delegates of the seven Danubian countries who had approved it at the conference. The

Sent Department, Department pass Moscow, London, Paris, Sofia, Bucharest, Budapest, Praha, Vienna, Berlin, Geneva.

CANNON

United States, the United Kingdom, France, and Austria did not attend the ceremony.

Ambassador Cannon reported in telegram 1120 from Belgrade on August 19, 4 p. m., that the newspaper *Borba* described the party given for the delegates of the seven Danubian countries as a "gala reception", although in the telegram it was characterized as being the same "tepid hospitality" that had marked the relations between the conference and the Yugoslav government and the Communist Party of Yugoslavia throughout its course. (840.811/8-1948)

840.811/8-2048 : Telegram

The Minister in Austria (Erhardt) to the Secretary of State

VIENNA, August 20, 1948.

1017. Council of Ministers issued statement yesterday that Austria is not bound by Danube agreement concluded by eastern countries; and that as soon Austria can take part as member with full rights in negotiations concerned with this question it will undertake examination of merits of this agreement.

Sent Dept; repeated Belgrade as 337.

ERHARDT

840.811/8-2048 : Telegram

The Ambassador in Yugoslavia (Cannon) to the Secretary of State

SECRET US URGENT

BELGRADE, August 20, 1948—8 p. m.

NIACT

1132. Post mortems on conference generally agree that in face brutal Soviet *intransigence* western minority adopted wisest course by refusing to be driven out by Vishinski's insults and forcing majority to bludgeon their draft through.¹ By staying to end, refusing to sign un-negotiated convention, reserving rights and insisting on continued legal validity 1921 convention they have laid groundwork for subse-

¹ Walter A. Radius, Director of the Office of Transport and Communications and vice chairman of the United States delegation, wrote a report evaluating the conference failure. "The Issues at Belgrade Were Clearly Drawn," published in the Department of State *Bulletin*, September 19, 1948, pp. 384-385.

Ambassador Cannon wrote a final report from Belgrade dated August 21, 1948, sent with a covering letter two days later to Assistant Secretary of State Garrison Norton; not printed. (840.811/8-2348) This report consisted chiefly of technical details and explanation of documents being transmitted, but contained little comment about the conference itself.

quent action which would have been rendered almost impossible if walkout had occurred during conference.

From practical standpoint signature convention by majority does not alter situation on river. East-west barrier not removed, but Soviet control below Austria given legal sanction by riparians. Efforts must still be made resolve difficulties and reopen river to traffic.

In my final statement Wednesday (Deldu 81) I referred to continuing US interest in this problem. Thierry in final statement proposed question be referred next to CFM. French subsequently asked Stevens see Gros in Paris next week to consider next steps. We believe French not firmly committed to CFM referral and are now thinking rather of UNGA.

British here apparently have no very definite ideas for further action. They talk of possibility of convening conference of signatories of 1921 convention with US representing Germany, but clearly have not thought through the advantages and implications such action. Our first reaction such move not advisable.

As situation resulting from conference is entirely unsatisfactory to us, it seems to us that steps should be taken promptly place question before appropriate international body. My final statement was drafted with such action in mind. I assume Department is giving consideration to possible alternatives. If any conclusions have been reached which can usefully be discussed with French or British, please instruct Stevens at Paris or Radius at London urgently. In absence instructions they will merely explore present thinking Quai d'Orsay and London Foreign Office on next steps.

Sent Department 1132, repeated Paris 152, London 161, Vienna 38.

CANNON

800.9111 WR/8-3148: Airgram

The Ambassador in the Soviet Union (Smith) to the Secretary of State

Moscow, August 31, 1948.

A-836. ReDepteircetel June 3 4 a. m.¹ *Danube*. Sovpress comments conclusion Danube conference uniformly followed pattern established by Conference and previous reporting. Even so, *Pravda's* comments August 22 may be news to participants:

"Conference worked under conditions real democracy . . .² in spirit international cooperation, in interests riparian countries . . . re-

¹ Not printed.

² Omissions indicated appear in the source airgram.

flected far-reaching basic changes which have taken place in recent years in life peoples Eastern Europe”.

After elaboration this theme, article emphasizes clash between “two policies, differing in principle” and includes following Molotov quote from Paris Peace Conference:

“There are two directly opposite methods in international life. One, well-known to everyone from distant times, is method of force and domination, for which all means of pressure are considered good. Other, true it still insufficiently developed, is method democratic co-operation, based on principle equality of rights and legitimate interests all states, large and small. We have no doubt that, in spite all obstructions, method democratic co-operation between countries will eventually triumph”.

Adding that Danube Conference illustrated these words, article states: “Anyone who still needs proof of expansionist inclinations Western Powers in Eastern Europe can be referred to statements of American, British and French delegates at Belgrade”.

Arguing that “Western Powers suffered political and diplomatic defeat” because they forgot that, where rights and interests free and independent peoples are concerned, [“] old imperialist policy is doomed to failure,” article adds that refusal to sign Convention was “new manifestation of policy of dictation and pressure”, that Convention will be ratified and come into force regardless and states: “Life passes by those who stubbornly cling to past, trying to delay progress historical development.[”]

“Success Danube Conference signifies new victory for Stalinist foreign policy”.

In *Pravda*, August 23, Yuri Zhukov complains of “crude and malicious (radio) statement, studded with insults aimed at countries Eastern Europe by State Department” . . . which accused *peoples* of Danubian countries of servility before “Soviet imperialism”. Officials of State Department endeavored conceal their discomfiture at consistent failure their adventurist diplomatic in bombastic, lying phrases and vile abuse . . .

“Democracy was not formal slogan but very essence, flesh and blood, this conference. Representatives of USSR and countries people’s democracy disarmed ‘Western three’ by displaying remarkable tolerance and tact regard these unruly diplomats . . . Four times US delegate resumed attacks on mixed steamship companies, attempting depict them as . . . ‘tool imperialism’. Four times delegates Danubian companies [*countries?*] tactfully and politely, patiently explained real nature mixed companies and proved he was mistaken . . .

“American capitalists had still not parted with idea trying to advance frontier ‘Marshallization to East’ . . . The Danubian match

[*clash?*], which has gone on for almost century ends in victory of East over West (*France Soir*)”.

New Times, No. 35, lead editorial follows same pattern, emphasizing even more ubiquity of clash between two types foreign policy, and states: “. . . The democratic states, headed by the Soviet Union, conduct their diplomacy openly and honestly, call a spade a spade, and try to find a basis for international co-operation in the world of realities, and not in a phantom world of pharisaical fictions. To deny, in the twentieth century, the connection between law and politics is just as absurd as to cast doubt on the fact that the earth revolves around the sun. Believers in honest international co-operation hold that it can only be successfully promoted if all its participants display a readiness to reach agreement, to arrive at mutually acceptable decisions. Failing this readiness, no courts and no appeals to international law can be of avail, because the party that does not desire agreement always tries to convert organs of justice into an instrument for the attainment of its own one-sided ends . . . The new Danube Convention is a victory for the policy of stable peace and social progress over the policy of inequality and oppression, which is constantly threatening to disturb the security of nations.”

Izvestiya, August 26, extends line, hailing conference as “victory for new progressive method in international life” and claiming it “has put an end to all imperialist hopes of using Danube as canal for importing baneful influences” into Balkans.

SMITH

840.811/9-3048: Circular telegram

*The Acting Secretary of State to Certain Diplomatic Offices*¹

SECRET

WASHINGTON, September 30, 1948—3 a. m.

For your info only Dept has decided follow-up action on Danube Conference as follows:

It is essential that U.S. adopt positive policy deal with consequences Danube Conference and take initiative without delay. It is important that U.S. leave no uncertainty in world public opinion that Danube is not finished business. Failure to so follow through would be interpreted as tacit acceptance of Sov Convention and would result in failure to capitalize on favorable, though intangible, aspects of Conference.

(a) U.S. will lodge formal protests with U.S.S.R. and each satellite present at Belgrade Conference that Belgrade Convention in its view

¹ Sent to the Embassies in London, Paris, Moscow, Belgrade, Prague, Athens, Rome, and Brussels; to the Legations in Bucharest, Sofia, and Vienna; and to the United States Political Adviser in Berlin.

null and void because fails implement Balkan Treaties of Peace violates established treaty rights. Note to be published. U.S. will suggest same procedure for U.K., France, Belgium, Greece, Italy, and Austria.

(b) U.S. will lose no opportunity refer to Danube Conference and criticize its conduct and Convention which it adopted wherever appropriate in U.N. General Assembly or other organs of U.N., particularly ECOSOC and ECE.

(c) U.S. will advise U.K. and France that U.S. will support move on their part to obtain advisory opinion from International Court on validity 1921 Convention.

(d) U.S. will consider taking initiative raising Danube issue at any future CFM meeting on German and Austrian Peace Treaties if that still seems appropriate at time.

(e) U.S. to encourage Danube satellite states through Voice of America, propaganda literature and diplomatic channels to regret Belgrade Conference results, see Sov imperialism loss of own sovereignty and find U.S. sincere in effort promote their economic well being.

(f) U.S. to encourage General Clay² on behalf Trizonia³ to offer reciprocal bilateral shipping and trade arrangements to Sov satellites, but instruct not to deal with Commission or otherwise recognize Convention.

(g) Ditto for Austria.

(h) U.S. to advise Italians, Belgians, and Greeks actions U.S. plans to take and reaffirm our support their rights on Danube.

(i) U.S. to advise ECA of our policy toward Danube and request cooperation following through any ECA operating measures relating East-West trade which might assist this program.

Dept welcomes ur views program and suggestions for its implementation.

LOVETT

² Lucius D. Clay, General, United States Commander in Chief Europe, and Military Governor for Germany.

³ For documentation about the measures taken by the United States, the United Kingdom, and France for the development of economic coordination in their zones of occupation in Germany, see vol. II, pp. 703 ff.

840.811/9-1648

Memorandum by the Assistant Secretary of State for Transportation and Communications (Norton) to the Under Secretary of State (Lovett)

SECRET

[WASHINGTON,] October 14, 1948.

In my previous memorandum of September 16, same subject,¹ I recommended a program of follow-up activities on the Danube Con-

¹ Not found in Department files; see, however, the circular telegram of September 30, 1948, *supra*.

ference. Since then the following actions have been taken on the items referred to in my memorandum :

1. *Suggest to all interested countries that formal protest be lodged with USSR and Satellites that the Belgrade Convention is null and void and publication of such notice.*

Both the French and British have been advised of our thoughts on this subject and have conveyed them to their respective foreign offices. We have not yet received an expression of opinion from them. A draft of the U.S. protest note has been prepared in TRC and has been circulated to all interested divisions for comments. Most of the divisions have suggested some changes and when all comments are in, a final version of the note will be prepared for your approval.² It is hoped to deliver this note within the week.

2. *Use of any opportunity in U.N. or other international bodies to refer to the Danube Conference criticising its conduct and its results.*

The proposed text of a speech and other material has been sent to Willard Thorp at the U.N. with the suggestion that it be used in the course of the proceedings there.³ We have not yet been informed whether or under what circumstances Thorp intends to use this material.

3. *To advise the British and French that the United States will support a move on their part to obtain an advisory opinion from the International Court.*

French and British have been so advised. However, from our discussions with the British Embassy in Washington, it appears as though the foreign office is not certain whether it will be possible to bring this question before the Court. Explorations on this question are still underway. The British Embassy in Washington has been informed by their Paris Embassy that the French Foreign Office has expressed general agreement with our proposals. However, they agree that there are technical difficulties in bringing this proposal before the International Court. Their inclination is to try the Transport Subcommittee of ECOSOC. We have, however, received no direct response from the French here in Washington.

4. *U.S. to take the initiative in raising the Danube issue at a CFM meeting on the German and Austrian Peace Treaties.*

² See the revised draft of proposed note attached to the memorandum of November 17, 1948, by John W. Tuthill, adviser in the Office of Transport and Communications, p. 729.

³ Assistant Secretary of State for Economic Affairs Willard L. Thorp was United States alternate representative at the United Nations General Assembly; see footnote 3, p. 732.

Since a CFM meeting on these treaties is still remote, no action is contemplated at this time.

5. *Information activities to stir up Danube Satellite States to regret the Belgrade Conference results.*

Information has been made available to INP and the Voice of America is now preparing such material for use over their facilities.

6. *Encourage American occupation authorities in Germany and Austria to offer reciprocal shipping and trade arrangements with the Satellites and instruct them not to deal with the Commission or otherwise recognize the Convention.*

We are planning to authorize Legation, Vienna to concur in the opening of negotiations for bilateral reciprocal agreements with the concurrence of ECA, OMGUS and USFA. At the same time all of these groups will be alerted to the need of avoiding recognition of the Soviet Convention, Commission or any of its agencies.

7. *Advising Italians, Belgians and Greeks of our plans and reaffirming our support of their rights on the Danube.*

Action on this matter has been held up until we can receive an expression of opinion from the French and the British and after our protest note has been approved.

8. *Advise ECA of our policy and request their cooperation.*

No action has been taken on this question pending the approval of our protest note.

As a further point in our educational campaign and maintenance of interest in the Danube, the State Department *Bulletin* is planning the publication in an early issue of an analytical article on the Danube Conference, as well as the text of the American draft convention. The formal protests of French, British, Austrians, Belgians, Italians and Greeks will also be published.

We have received from Embassy, Moscow; Legation, Sofia; Legation, Bucharest; Embassy, London, and Legation, Vienna expressions of agreement on the advisability of putting this program into effect. Both London and Bucharest also emphasized the importance of an intensive Voice of America program to bring home to the riparian states the economic and political losses resulting from Soviet control of the Danube, as well as infringement of their sovereignty.

It should be possible to make considerable progress with most of these points when action on our protest note is completed and we have a definite reaction from the French and the British.

GARRISON NORTON

840.811/12-648

Memorandum by Mr. John W. Tuthill, Adviser in the Office of Transport and Communications, to the Director of the Office of European Affairs (Hickerson)

[WASHINGTON,] November 17, 1948.

Attached is a copy of the proposed note to the Soviets on the Danube Conference. . . .

Last week Lord Jellicoe of the British Embassy came in to give the latest British comments. These comments seemed to be aimed more at joint or parallel notes than to the desirability of the United States sending a note regardless of whether the French and British do likewise. The British objections to sending notes were: (1) A note would indicate Western ability to protest only in words and thus would emphasize Western impotence to take direct action in the Danube area; (2) a note sent to the Russians and publicized would probably result in a propaganda battle with the Russians on this issue, with the likelihood that the West would lose the propaganda battle in view of timidity, delay, etc; (3) the British public has no particular interest in this subject at this time.

Lord Jellicoe repeated the earlier British view that the Western rejection of the Danube Convention was made clear and explicit at Belgrade and that no further action seems necessary at this time.

I mentioned to Jellicoe that the British comments seemed to be aimed at parallel notes more than at the problem of an American note without reference to British and French action. I told him that if we decided to send a note anyway I would attempt to give him an advance copy for comment. With reference to the latest British comments, I pointed out that if the Russians were provoked into a reply by our note, the controversy would emphasize the fact that the issue has not yet been resolved.

I also mentioned that the U.S. has a current operating interest in the Danube in view of occupation in Germany and Austria, which operating problems are much less direct to the British and French.

Aside from the British comments, I should like to have a reappraisal of our next move on the Danube, primarily in terms of timeliness. The original decision to send a note of protest was taken six or seven weeks ago, at a time when there was a sharp exchange going on at the UN between Russia and the West. If it is believed that we are now moving into a stage when discussions might be re-opened on such problems as Austria and Germany, then I think the question of sending a provocative note, such as the attached, at this time should be carefully weighed. Accordingly, before taking any further action within the Department I should like to have your views on: (1) the desirability of sending a note at this time (it might be more appropriate, for

example, to send one at a later date at the time that the Russians set up a Commission at Galatz under their Danube Convention); (2) if a note is to be sent, whether the attached is appropriate or whether a less provocative note should be drafted.

[Attachment]

Revised Draft of Proposed Note to the Soviet Union on the Danube Conference

SECRET

The Acting Secretary of State presents his compliments to His Excellency the Ambassador of the Union of Soviet Socialist Republics and has the honor to refer to the recent Conference held in Belgrade for the purpose of drawing up an international convention for a regime of navigation on the Danube.

The Government of the United States of America desires to advise the Government of the Union of Soviet Socialist Republics that the Government of the United States does not recognize the Convention signed at Belgrade August 18, 1948 by the U.S.S.R., the People's Republic of Bulgaria, the Republic of Czechoslovakia, the Hungarian Republic, the People's Republic of Rumania, the Ukrainian S.S.R. and the Federal People's Republic of Yugoslavia as having any valid international effect.

The Convention signed by seven delegations over the objections of the Governments of France, the United States of America, Austria, and the United Kingdom and, in contravention of the well established rights of Belgium, Greece and Italy, would violate the concept of international waterways which has been recognized in Europe for more than 130 years. It fails to provide an adequate basis for freedom of trade and navigation on the Danube. In this failure it negates the provisions of the peace treaties with the ex-enemy states, and also fails to carry out the decision of the Council of Foreign Ministers of December 12, 1946. Moreover, the Convention omits any provision for non-riparian representation in a Danube Commission. It seeks to deprive the United Kingdom, France, Italy, Belgium, and Greece, without their consent, of treaty rights established by international agreement in 1921 and disregards the legitimate interests of non-riparian states. The rejection by the Conference of any relationship with the United Nations indicates an intention to seal off the Danubian area from normal intercourse with the rest of the world to the area's own direct disadvantage, notwithstanding the world-wide efforts to coordinate new international undertakings with the purposes and objectives of the United Nations.

Although the Conference professed to devise a regime of navigation in the interests of all riparian states, Austria is at present denied

representations on the Danube Commission proposed in the Convention and no provision whatsoever is made with respect to German participation.

The subservience of six delegations to the representative of the Soviet Union at the Conference, and the signature of the Soviet Union's draft convention without change by those representatives on their part clearly demonstrates that the governments of these states are more concerned with complying with the wishes of the Soviet Union than in promoting the interests of their own peoples. This proposed convention, when coupled with the device of Soviet-controlled joint companies which have acquired long term exclusive control of facilities essential to the conduct of Danube commerce is clearly designed to enable the Soviet Union to maintain a monopoly of Danubian commerce. In light of numerous actions taken by these governments with respect to Western interests, this Convention can be expected to impede the economic rehabilitation of the Danubian peoples by obstructing the reestablishment of normal trade between the Danube countries and other parts of Europe.

For these reasons, the Government of the United States of America considers the Convention signed at Belgrade August 18, 1948 an instrument of Soviet Imperialism which confirms the present colonial status of the Danube States and purports to give legal sanction to their continued exploitation. In the event that a Commission is established under the terms of that Convention the Government of the United States of America can not recognize the jurisdiction of such a Commission over any part of the Danube River. The Government of the United States looks forward to the time when the states interested in the Danube as an international waterway, acting as free agents and true representatives of their people, agree upon a new Convention which effectively promotes non-discriminatory constructive utilization of the Danube. Until then the Government of the United States of America considers the Definitive Statute of the Danube, signed in Paris July 23, 1921, to be in force for the entire Danube River.

In view of the importance of the Danube River to European economic and social development, and the United Nations' expressed interest in its international regulation, a copy of this note is being forwarded to the Secretary General of the United Nations.

840.811/12-648

Memorandum by the Director of the Office of European Affairs (Hickerson) to Mr. John W. Tuthill, Adviser in the Office of Transport and Communications

[WASHINGTON,] November 24, 1948.

In response to the inquiries contained in your memorandum of

November 17, 1948, concerning our views on (1) the desirability of sending a note to the Soviets at this time and (2) if such a note is to be sent whether the draft attached with your memorandum is appropriate, it is our feeling that, particularly in the light of the reluctance of the British to take parallel action and the fact that a major purpose of such a communication would be to preserve British rights under the 1921 Statute to which we are not an adherent, it is undesirable to send a note at this time.¹ Should an appropriate occasion present itself, such as Soviet convocation of the new commission, we would be prepared to consider the advisability of utilizing that opportunity to reiterate our rejection of the new Soviet convention. If upon such consideration it should be decided to send a note, the present draft would have to be amended in the light of circumstances then prevailing.²

¹ On December 6, 1948, at the time that Assistant Secretary Norton sent a memorandum to Under Secretary of State Lovett (see *infra*), he also replied to Mr. Hickerson's memorandum of November 24, writing in part: "While I am in agreement with your conclusion, I do not feel that a 'major purpose' of the note would have been to preserve British rights under the '21 statute. The purposes I had in mind were set forth in my earlier memoranda and were essentially propaganda and political in nature rather than legal." (840.811/12-648)

² For the text of the note by the United States on November 15, 1949, to the missions in Washington of the governments of Bulgaria, Czechoslovakia, Hungary, Rumania, the Soviet Union, and Yugoslavia, sent because of the first meeting of the new Danubian Commission at Galatz on November 11, see the Department of State *Bulletin*, November 28, 1949, p. 832. Parallel notes were to be delivered by the governments of France and the United Kingdom.

840.811/12-648

Memorandum by the Assistant Secretary of State for Transportation and Communications (Norton) to the Under Secretary of State (Lovett)

SECRET

[WASHINGTON,] December 6, 1948.

Reference is made to my memoranda to you of September 16,¹ and October 14, 1948 and to Mr. Hickerson's memorandum to you of September 28, 1948.²

There is attached a copy of Mr. Tuthill's memorandum of November 17, 1948 to Mr. Hickerson in which the British objection to sending notes is explained and the over-all question of timing of the notes is raised. There is also attached Mr. Hickerson's reply of November 24, 1948, giving his view that the present does not offer a proper time for sending a note.

I concur in the view that the present does not offer a desirable time to send a provocative note on this subject. Some of the action originally

¹ Not found in Department of State files; see, however, the circular telegram of September 30, and the memorandum of October 14, 1948, by Assistant Secretary of State Norton, p. 724 and p. 725, respectively.

² Latter not printed.

contemplated in my memorandum of September 16, 1948 has been completed. Mr. Thorp has made a statement on the issue at the current session of UN.³ OMGUS, USFA, and ECA have been advised that care should be taken not to recognize either the validity of the Belgrade Convention or any commission that may be set up under it and have also been advised of our policy of encouraging reciprocal agreements on the River. The entire problem has been discussed with the British and French, but, in the absence of an agreement on sending out protest notes, discussions have not been held with the Italians, Belgians or Greeks. The Voice of America broadcasts have used Danube material, but have not had the ammunition of a protest note to use in their broadcasts to Europe. The French and British have been advised that we would support a move on their part to obtain an advisory opinion from the International Court, but they have not as yet given any indication that they plan such action.

In agreeing that a strong protest should not be sent at this time, I am strongly of the view that such a note may well be appropriate at some future time. Consideration is being given to the advisability, at a later date, of suggesting to the former parties to the '21 Convention that they either reconstitute the prewar Danube Commission or call a conference of all its signatories to draw up a convention which might control the upper parts of the River and claim jurisdiction over the entire River.

Accordingly, I recommend that our original policy statement of September 16, 1948 be amended to allow for postponement of the issuance of a note of protest, but urge that the entire matter be carefully reviewed at a later date, (1) after further attempts are made on the Austrian treaty and (2) in the light of future Soviet action in connection with its Danube Commission.

GARRISON NORTON

³ For the remarks made by Mr. Thorp on November 10, 1948, in the Economic Committee of the United Nations General Assembly, see the Department of State *Bulletin*, November 14, 1948, p. 616.

CZECHOSLOVAKIA

ATTITUDE OF THE UNITED STATES WITH RESPECT TO THE CZECHOSLOVAK GOVERNMENTAL CRISIS OF FEBRUARY 1948 AND ITS AFTERMATH

860F.00B/1-2848 : Telegram

The Chargé in Czechoslovakia (Bruins) to the Secretary of State

SECRET

PRAHA, January 28, 1948—10 a. m.

77. As indicated in recent telegrams from Embassy, Communist drive has begun for 51 percent majority in Czechoslovakia election campaign culminating early in May. Full propaganda advantage being taken of liberation of most of Czechoslovakia by Soviet Army and also of much-needed grain deliveries which are now arriving from east. On other hand, there is great deal of goodwill among Czech people toward western countries including US. I believe 80 percent of Czech people favor western style democracy over Communism but expediency and timidity render most of them inarticulate. Therefore it would be desirable for us to make some sort of gesture which would encourage people to express their true feelings in the secrecy of voting booth. I believe such a gesture should not take form of loan or other monetary handout which would only expose us to charge that we are trying to buy souls of central Europeans with our dollars.

I am convinced there are three things we could do which would materially consolidate this pro-western sentiment and that we should do all of them without delay: (1) negotiate a commercial agreement, (2) negotiate a cultural convention, (3) publish American documents in Czechoslovakia on true story of liberation of Praha.

On first point Czech Foreign Office has been notified of Department's attitude as stated in first paragraph Deptel 71, January 23.¹ While formal Czech counterdraft not required by Department for present, I have asked Clementis² to obtain reactions of various minis-

¹ In 1947 an American draft of a commercial treaty had been referred to Czechoslovak authorities. Czechoslovak Foreign Office comments on this draft had been communicated to the Embassy in Praha in December 1947. Telegram 71, January 23, 1948, to Praha, not printed, indicated that in view of the Czechoslovak comments Ambassador Steinhardt, then in Washington on consultation, could begin preliminary discussions on a treaty upon his return to Praha (711.60F2/1-1348).

² Vladimir Clementis, State Secretary for Foreign Affairs; member of the Czechoslovak Communist Party.

tries concerned so that when Ambassador returns there will be concrete basis for negotiations. I asked Ripka³ today whether in his opinion Communists might attempt to sabotage such an agreement at last moment to which he replied in negative, saying that Communists are well aware Czechoslovakia needs increased trade with US. In view of many economic postwar uncertainties in eastern Europe, I believe we are inclined to be over-technical, and that in accordance with short-term treaties which Czechoslovakia has negotiated with about 25 countries in last few months we should keep it as simple as possible which will also expedite negotiation and greatly increase its propaganda value. Because of uncertainties I believe it would be unwise for us to tie ourselves up to any long-term agreement at present.

As to cultural convention, it could follow lines of one transmitted to Department with London despatch 1541, June 27 between UK and Czechoslovakia⁴ which is very loosely worded. See also Praha telegram 1531 October 9.⁵ Since we are in any case conducting an informational program and are already exchanging professors and students such a convention would not cost us anything nor commit us to more than we are already doing. It could be played up as first American cultural convention with any European country and would have great value in encouraging our friends in Czechoslovakia. What they need most is moral support. They do not want to feel "deserted".

Regarding story of liberation of Praha, Deptel 74 January 23⁶ states efforts are being made thru Department of Army to obtain declassification of desired documents. I hope these can be supplied to us in February but March would not be too late. Photostat copies of documents on glossy paper should be furnished so we can reproduce them convincingly in Czech press. Importance of forthcoming Czech elections is difficult to overestimate. Embassy informed by trusted sources close to President⁷ that if Communists do not gain materially President prepared to insist new Prime Minister be non-Communist.⁸ He might have done so in 1946 except for imminent fear of revolution

³ Hubert Ripka, Minister for Foreign Trade; leader in the Czechoslovak National Socialist Party.

⁴ The despatch under reference here is not printed; it transmitted a copy of British Cmd. 7155, Czechoslovakia No. 1 (1947), the Cultural Convention between the United Kingdom and Czechoslovakia, effected by an exchange of notes on June 16, 1947.

⁵ Not printed.

⁶ Not printed. The texts of correspondence between Supreme Headquarters, Allied Expeditionary Force and the Soviet High Command concerning the decisions to halt Allied military forces in Czechoslovakia in May 1945 were eventually released to the press on May 9, 1949. For the texts and an accompanying statement by the Department of State, see Department of State *Bulletin*, May 22, 1949, pp. 665-667.

⁷ Czechoslovak President Eduard Beneš.

⁸ The current Czechoslovak Prime Minister was Klement Gottwald, Chairman of the Czechoslovak Communist Party.

which has meanwhile diminished. Therefore, if moderates can make reasonably good showing, present inordinate domination of government by Communists may be corrected.

While it desirable that mentioned negotiations be carried on by Ambassador Steinhardt after he returns to Praha February 20 on basis of his recent discussions in Department, I am very anxious for aforementioned propaganda reasons that preliminary decisions and routine work be completed at earliest possible date so we can proceed with these matters without delay when he returns. I regard above proposals as primarily in our own self-interest and as offering at negligible risk a good hope of success in "containing" Communism on this front.

BRUINS

860F.00B/1-2848 : Telegram

The Secretary of State to the Embassy in Czechoslovakia

SECRET

WASHINGTON, February 4, 1948—2 p. m.

109. Appreciate your summary views on three steps mentioned urtel 77 Jan 28¹ for support pro-western sentiment in Zecho. As to question commercial treaty Dept examining Czech position each article US draft and making plans to send expert to Praha latter part Feb to assist Embassy in discussions. While matter cultural agreement has long been under consideration in Dept, our present disposition is to propose to Czechs declaration of intentions by the two Governments with respect to conclusion of agreements on: (1) Establishment of a United States Educational Foundation through use of funds made available from disposal surplus property; (2) support by Czechs of studies or other educational activities of Czech citizens in US institutions of learning whose transportation would be furnished by US Educational Foundation; (3) exchange of official publications. Re your third step Dept attempting to expedite process declassification as indicated Deptel 235 Jan 23 London, rptd Praha 74.²

MARSHALL

¹ *Supra.*

² Not printed.

860F.00/2-2448 : Telegram

The Secretary of State to the Embassy in France

SECRET

URGENT

WASHINGTON, February 24, 1948—7 p. m.

573. For Caffery.¹ We have been considering US attitude and pos-

¹ Jefferson Caffery, Ambassador in France.

sible courses of action in connection with the Czech developments.² In so far as international affairs are concerned, a seizure of power by the Communist Party in Czechoslovakia would not materially alter in this respect the situation which has existed in the last three years. Czechoslovakia has faithfully followed the Soviet policy in the United Nations and elsewhere and the establishment of a Communist regime would merely crystallize and confirm for the future previous Czech policy. However, we are concerned at the probable repercussions in Western European countries of a successful Communist coup in Czechoslovakia without challenge or consequences. We feel that there is a real possibility that such a development in Czechoslovakia would stimulate and encourage Communist action in Western European countries, particularly in Italy.

We are exploring the possibility of tangible steps which might be best suited to deal with this situation. Please see Bidault³ urgently and see whether he has any suggestions as to joint US-UK-French action in the United Nations and elsewhere which might be helpful.

A similar message is being sent to Douglas.⁴

MARSHALL

² The Communists and their allies carried out a seizure of power in Czechoslovakia during a Cabinet crisis from February 17 to 25. As a result of a dispute over Cabinet control of the police, twelve non-Communist ministers resigned from the Cabinet in protest on February 20. During the ensuing days the Communists and their allies intimidated the other parties and took over key positions by armed force, mass demonstrations, action committees, and other methods. On February 25 President Beneš accepted the resignation of the twelve non-Communist ministers and approved a new Cabinet headed by Premier Gottwald. The new Cabinet consisted chiefly of Communists and their allies. Throughout the crisis period, the Department received a steady stream of reports from the Embassy in Praha. For Ambassador Steinhardt's subsequent analysis of the crisis, see despatch 309, April 30, from Praha, p. 747.

³ Georges Bidault, French Foreign Minister.

⁴ Lewis W. Douglas, Ambassador in the United Kingdom.

860F.00/2-2548: Telegram

The Ambassador in the United Kingdom (Douglas) to the Secretary of State

SECRET URGENT

LONDON, February 25, 1948—8 p. m.

725. Discussed Deptel 634, February 24,¹ with Bevin² this afternoon. He expressed great concern over the developments in Czechoslovakia, and informed me that he had been giving serious consideration during the course of the last two days to the steps, if any, which

¹ Not printed, but essentially the same as telegram 573, February 24, to Paris, p. 735.

² Ernest Bevin, British Secretary of State for Foreign Affairs.

HMG might take in collaboration with US. He had come to the tentative conclusion that we were impotent in the matter, and that the mere filing of a protest against or otherwise challenging the Communist coup in Czechoslovakia, would, unless we could take positive steps, merely reveal our weakness in the situation which he regretted very much indeed.

Bevin appreciates the possible consequences in western Europe, and particularly in Italy, if the seizure of power by Communist party in Czechoslovakia goes unchallenged. At the same time he is reluctant to take an action which would merely disclose our impotence. At my suggestion he is, however, sincerely re-examining the matter, particularly with a view to determining what, if any, joint US-UK-French action in the United Nations might be appropriate.

He will discuss with me tomorrow the results of his review of the situation.

DOUGLAS.

860F.00/2-2548 : Telegram

The Chargé in France (Bonbright) to the Secretary of State

SECRET URGENT

PARIS, February 25, 1948—11 p. m.

1026. Bidault sent for British Ambassador and me at 10:30 tonight and expressed following views (mytel 1015, February 25):¹

1. He repeated that *démarche* in Prague was useless in view of composition of Czechoslovak Government just announced.

2. He repeated that approach to UN was impractical at this time but that this aspect of the question would receive further study.

3. He proposed that he, Bevin and Secretary Marshall be free to make such statements as they ought consider the situation called for. (He had in mind that he ought be called on to speak on the Czechoslovak situation in the Assembly tomorrow morning, although he would avoid it if possible. Sir Oliver Harvey also indicated that Bevin ought similarly have to comment in the House of Commons tomorrow afternoon.)

4. Finally he presented us with draft of proposed tripartite statement (text in translation follows in my next telegram).²

With regard to point 4, Bidault repeatedly stressed the need for speed if the statement were to have any validity, and it was suggested that it be released in the three capitals at 6 p. m. Paris time tomorrow, February 26.

¹ Not printed; it reported that the message contained in telegram 573, February 24, to Paris, p. 735, had been communicated to Foreign Minister Bidault (860F.00/2-2548).

² Telegram 1027, February 25, from Paris, not printed; the proposed joint declaration transmitted therein differed only slightly from the tripartite Declaration issued on February 26, the text of which is contained in the editorial note *infra*.

Sent Department 1026, repeated London 113, Tunis for Ambassador Caffery³ 10.

BONBRIGHT

³ Ambassador Jefferson Caffery made an official visit to Tunisia from February 25 to March 1, 1948.

Editorial Note

On February 26, 1948 the Governments of the United States, the United Kingdom and France issued jointly and simultaneously in their respective capitals the following Declaration:

"The Governments of the United States, France and Great Britain have attentively followed the course of the events which have just taken place in Czechoslovakia and which place in jeopardy the very existence of the principles of liberty to which all democratic nations are attached.

"They note that by means of a crisis artificially and deliberately instigated the use of certain methods already tested in other places has permitted the suspension of the free exercise of parliamentary institutions and the establishment of a disguised dictatorship of a single party under the cloak of a Government of national union.

"They can but condemn a development of the consequences of which can only be disastrous for the Czechoslovak people, who had proved once more in the midst of the sufferings of the second World War their attachment to the cause of liberty."

The text of this declaration, which was based on a French draft (telegram 1027, February 25, from Paris, not printed), was issued following trans-Atlantic telephone consultations between the Department of State and the Embassies in London and Paris.

860F.00/2-2648: Telegram

The Ambassador in Czechoslovakia (Steinhardt) to the Secretary of State

SECRET NIACT

PRAHA, February 26, 1948—4 p. m.

216. 1. I believe that a strong statement on Czechoslovak developments by the Secretary would have a very sobering effect on the Czechoslovak Communists who are at present flushed with victory (Department's 172, February 25).¹ Czechoslovakia differs to a marked

¹ Telegram under reference read as follows: "Dept is considering issuing strong statement on Czech developments but before doing so would like your appraisal of the situation." (860F.00/2-2548) Telegram 198, February 27, to Paris, revised the Department's position as follows:

"Dept appreciates very much your appraisal and comment (Embniact 216

degree from other satellite states by reason of country's democratic traditions, its extensive industrialization and fact that in spite of extreme Soviet pressure for over two years, nearly 80 percent of country's total foreign trade is still with west. Having regard to fact that within a week all effective opposition to Communist dictation has been extinguished, a strong statement by Secretary as soon as possible might encourage the rebirth of either open or underground opposition to complete Communist dictation. Furthermore, as Beneš has not yet clarified his position, a strong statement by the Secretary might and doubtless would influence his course of action.

2. My appraisal of present situation is that the Communists as a result of long and careful preparations, dating back to acceptance of the Marshall Plan in July 1947, by intimidation and demonstration of armed force have succeeded in seizing the government and eliminating all opposition. They are now endeavoring to cover up a ruthless seizure of power by inclusion in the new Cabinet of Left-Wing Socialist Democrats, stooges and quislings from the non-Communist parties, all of whom will do their bidding. They have wiped out every vestige of true representative government and are about to deny to the 62 percent of the electorate who voted non-Communist in 1946 any future real voice in the government. They have intimidated the public and all of the non-Communist leaders and by their arrests and threatened arrests are about to destroy all effective opposition to their program. By talking over the radio and broadcasting untruths and only their own propaganda and by either suppressing or putting stooges in charge of the non-Communist press, they have effectively silenced all criticism of their methods and all means of appealing to public. They have browbeaten and exercised a degree of duress on President Beneš strikingly similar to methods employed by Hitler in dealing with heads of states. In short, they have employed identical methods to achieve a successful *putsch* which were first employed by the Nazis and subsequently by the Communists in other satellite states.²

Feb 26) concerning possible action in dealing with Zecho situation. You will understand that tripartite declaration released yesterday [see editorial note, *supra*] replaces for moment suggested US statement. We will review matter, however, in light continuing developments." (860F.00/2-2648)

² In telegram 228, February 27, from Praha, Ambassador Steinhardt sent the following additional comment:

"As stated in my 216, February 26 the Communists as a result of long and careful preparation and ruthless intimidation backed by a display of armed force seized Czechoslovak Government by a *putsch* similar to those engineered by Hitler and Communists in other satellite countries. They exercised a degree of pressure and duress on the ailing Beneš which left him no alternative than to capitulate. Having regard to the President's illness which is of a serious and permanent nature, it is surprising that he stood up as long as he did under terrific strain to which he was subjected. There can be no doubt that he acted under duress or that he was intimidated and faced with a *fait accompli*." (860F.00/2-2748)

3. In connection with any statement the Secretary may make or Department may issue, Department may wish to give consideration to following suggestions.

4. Any statement to have real value should be issued as soon as possible preferably by the Secretary because of his great personal prestige in Czechoslovakia. No statement should be issued unless it carries sufficient punch to operate as a very definite warning.

5. The statement might imply that the United States has under consideration suspension of exports to Czechoslovakia or, what would more seriously alarm the Communist authorities, a suggestion that the United States military authorities in Germany and Austria might be directed to suspend all traffic into or through US zones of occupation. In view fact that nearly all of Czechoslovakia foreign trade other than with Soviet Union and satellite states must pass thru American zones of occupation and there is little likelihood that more than a minute fraction of this trade could be diverted to the Soviet Union and the other satellite countries, any suggestion would be equivalent to putting the Communist leaders on notice of an impending strangulation of the country's economy which they are well aware would inevitably be followed by economic and financial chaos. I am reasonably certain that what the Communist leaders fear more than anything else is an economic debacle as a result of their *putsch* and while it is probable, in view of the relatively good economic conditions now existing that consequences of any such strangulation would take at least a year to make themselves felt, I have little doubt that veiled threat along these lines would cause Communist leaders to proceed with extreme caution in carrying out plan they obviously have in mind of accusing the US of having been a party to the alleged conspiracy of the non-Communists against the Czechoslovakian Government, of "plots" and "espionage" and of all similar charges made against US in other satellite countries. To extent that we have been on defensive in the other satellite countries when these charges were made and have been unable to react effectively against them and have thereby lost much prestige throughout Europe, our ability to react in case of Czechoslovakia by anticipating the customary Communist charges against US might have desirable repercussions throughout Europe.

6. If the Department feels that general overall international situation warrants, I would suggest including in the statement something to effect that the government of United States is not disposed to ignore much longer repeated charges and insinuations by governments of states which owe their liberation to American blood and industrial power and which were nourished during the postwar period by American generosity, of plots, espionage and active support of reactionaries

by the United States, which in effect constitute veiled threats by a small state against its benefactor. (These charges have already begun.) As the Soviet Government has been careful to keep well in the background of recent developments in Czechoslovakia the statement might well be directed at new Czechoslovakian Government.

STEINHARDT

860F.00/2-748 : Telegram

The Ambassador in Czechoslovakia (Steinhardt) to the Secretary of State

SECRET URGENT

PRAHA, February 27, 1948—10 p. m.

227. In conversation with Masaryk¹ this afternoon he said that the President was not informed of intention of twelve ministers to resign and that their action had come as a surprise to him. He was disposed to question the President's competence during the past few days, saying that he had been subjected to such pressure and to such physical strain that he was surprised that he had survived the past week. Masaryk said that Beneš first contemplated resigning without accepting the resignations or approving the new government but was loath to do so as he feared that chaos would result and had finally made up his mind to accept the new government and then resign. Masaryk added that having regard to Beneš' tired and confused state of mind and dangerous physical condition, he may well have failed to resign at the critical moment because of his extreme dislike of Fierlinger² or Nejedlý³ as his probable successor. He said the President was leaving for his country place this afternoon and that he expected him to resign. He also expressed opinion that Beneš would not live long and said he was a broken man.

In response to my inquiry as to whether Beneš had been denied the use of the radio, he said there was no evidence that Beneš would have been denied the use of radio but that his physical condition, particularly his difficulty in articulating, had made it impossible for him to speak.

Masaryk had tears in his eyes while seeking to justify his own continuance in a government of which he frankly admitted the Communists had seized control. He said he had already "saved" about 250

¹ Jan Masaryk, Czechoslovak Minister for Foreign Affairs.

² Zdeněk Fierlinger, Deputy Premier and a leader in the Czechoslovak Social Democratic Party.

³ Zdeněk Nejedlý, Minister of Education and a leader in the Czechoslovak Communist Party.

people and intimated that his decision to remain in the government, as he put it "temporarily" had been prompted by the faint hope that he would be able to soften the impact of Communist ruthlessness for a short time and perhaps aid others in leaving the country.

Please pass immediately to Army.

STEINHARDT

711.60F/2-2848: Telegram

The Ambassador in Czechoslovakia (Steinhardt) to the Secretary of State

TOP SECRET NIACT

PRAHA, February 28, 1948—6 p. m.

247. In light of rapidity with which the extremist elements in the Ministries of National Defense, Interior and Information have sealed the frontier against all movements excepting heavy movement in and out of freight on which the economy of the country depends, and are already accusing members of our staff of plots, espionage and aid to the reaction, threatening to expel our newspaper correspondents, menacing the premises of the USIS library, etc the Department may wish to give serious consideration to suggesting to General Clay¹ that all freight shipments into or out of Czechoslovakia through the American zone of occupation be "temporarily suspended pending a clarification of the position of the Czechoslovak Government." If this action is taken it should be initiated by our military authorities in Germany and in no way attributed to or associated with the Embassy. I am firmly convinced that the temporary stoppage of all freight movements by rail or barge between Czechoslovakia and the American zone including freight in transit, would constitute a shock of such dimensions to the new Cabinet which meets for first time on March 2 as to bring them to their senses. Any affirmative measure less than our entire weight will be regarded as a sign of weakness. Furthermore if this step is taken it should be taken immediately so as to avoid the appearance of calculated retaliation but rather appear to be an administrative reaction to Czechoslovak action in closing frontier.²

Please pass immediately to Army.

STEINHARDT

¹ Gen. Lucius D. Clay, Commanding General, United States Forces in Europe and Military Governor for Germany.

² Telegram 230, March 2, to Praha, replied to this message as follows:

"After careful weighing proposed temporary suspension freight shipments into and out of Zecho through US zone Germany, we conclude this step inadvisable." (711.60F/2-2848)

860F.002/3-1048 : Telegram

The Ambassador in Czechoslovakia (Steinhardt) to the Secretary of State

SECRET URGENT

PRAHA, March 10, 1948—6 p. m.

348. I learn that Masaryk visited Beneš yesterday at his country place with new Polish Ambassador who presented his credentials. I have not as yet ascertained whether he had a private talk with Beneš and, if so, nature thereof. It difficult escape the conclusion that Masaryk's suicide this morning may have been connected with talk he may have had yesterday with Beneš. It seems probable that Masaryk had hoped until yesterday that Beneš had evolved a plan or course of action which would permit Masaryk to retain his self-respect. Having regard to reports from reliable sources that Beneš yesterday was determined to resign, it possible that Masaryk then saw no other alternative than to take his own life.¹

It clear to me as result of my last talk with Masaryk a few days ago that he was still seeking to rationalize his retention of office in a wholly Communist Government which had ruthlessly seized power in viola-

¹ In a letter of April 7, 1948, to Harold C. Vedeler of the Division of Central European Affairs, not printed, Ambassador Steinhardt revised his opinion regarding the death of Foreign Minister Masaryk. The letter read in part as follows:

"The fact remains, however, that the public insists that Masaryk was murdered and we cannot dismiss this possibility lightly. We are continuing to run down every clue or rumor as best we can. While I was at first disposed to accept the suicide story, I am less convinced than I was at the time of the death. Masaryk was not the type of individual to commit suicide. Were it not for the fact that there is a family history of mental unbalance definitely known in the case of his mother and his sister, I would be still less disposed to accept the suicide theory. On the other hand, there being established mental unbalance in the family and suicide being definitely known to be an inherited characteristic in certain types of cases, it cannot be excluded that he did voluntarily jump from the window. It seems to be reasonably certain that if he was murdered it was not a 'local operation' but was undertaken by imported gunmen. I cannot escape the feeling that the repeated rumors of murder might have some basis. Masaryk was hated in the Kremlin, perhaps more because of his jocular contempt for the Soviets and because of what they must have regarded as his insincerity and hypocrisy in going along with the Czech Communist-dominated Government. After all is said and done, Trotsky was murdered why not Masaryk. Furthermore, it seems to me that if he had committed suicide he would probably have left a statement or declaration addressed to his countrymen, for Masaryk was a real patriot at heart. I am more impressed by his failure to leave a statement or declaration than by any other single factor. Masaryk was a showman and knew the value of such a statement. Nor do I believe that there was a statement which has been suppressed or destroyed, for Masaryk was too shrewd and knew too well what was going on not to have made certain that at least a copy would be in the possession of Marcia Davenport [an intimate friend of Masaryk who left Czechoslovakia shortly before Masaryk's death] or myself, where he could be certain it would eventually receive the desired publicity. All in all, I am frankly puzzled but I am beginning to lean more towards the theory of involuntary death than suicide, although I admit that thus far there is not a shred of proof with which to undermine the Government's official statement. If it was murder, I believe that sooner or later we will get a lead or a clue that will solve the puzzle—even though we may never be able to prove assassination." (860F.00/4-748)

tion of all democratic principles. I have reason to believe that since then he was deeply affected by the bitter criticism of some of his most intimate friends, several of whom are said to have told him point blank that he had suffered a serious loss of prestige with Czech people and was being excoriated for allowing his name to be used by Communists to cloak themselves with decency. In his desperation he appears to have turned to suicide as the only means of expressing his disapproval of recent events in his native land which he unquestionably loved deeply. As he was emotional, it is quite possible that a visit he paid to his father's grave last Sunday may have caused him to throw aside his attempt to rationalize his position and finally to comprehend the contempt in which he was beginning to be held by his most intimate friends, his associates in the west and most his countrymen. The speeches he was virtually obliged to make during the past ten days must have galled him. There is no doubt in my mind but that Masaryk's act in taking his own life has not only redeemed him completely in the eyes of his countrymen as well as his friends of the west but will have an ineradicable effect on the mass of Czech and Slovak people who will look upon him as a martyr and for years to come will hold against Communist Party fact that they drove the son of Masaryk, their liberator President,² to suicide.

STEINHARDT

² Thomas Guarrigue Masaryk, first President of Czechoslovakia.

Editorial Note

On March 10, Ján Papánek, then the Permanent Representative of Czechoslovakia to the United Nations, addressed to the Secretary-General of the United Nations a letter denouncing the Communist seizure of power in Czechoslovakia and requesting that the question be brought before the United Nations Security Council for consideration. For the text of Papánek's letter, see Department of State *Bulletin*, March 28, 1948, pages 409-410, or *Documents on American Foreign Relations*, Volume X, January 1-December 31, 1948, Edited by Raymond Dennett and Robert K. Turner (Princeton University Press, 1950), pages 625-627. In a communication to the United Nations Secretary General dated March 12, 1948, Hernan Santa Cruz, Permanent Representative of Chile to the United Nations, requested that the issue raised in Papánek's letter be included on the agenda of the Security Council. For the text of Ambassador Santa Cruz's letter, see Department of State *Bulletin*, pages 409-411. At its meeting on March 17, the Security Council voted to include the Chilean com-

munication on its agenda and to invite the Chilean representative to participate in the Council's discussions of the matter. For the text of the statement by Ambassador Warren R. Austin, United States Representative in the Security Council, on March 17 in favor of including the Czechoslovak question on the Council's agenda, see *ibid.*, pages 411-412. During March, April, and May 1948, the Security Council considered the Czechoslovak question. On May 24, a Chilean draft resolution, introduced by the representative of Argentina and supported by the United States, calling for the establishment of a special sub-committee to investigate the Czechoslovak question, failed to receive Security Council approval due to negative vote of the Soviet Union. For the texts of statements by Ambassador Austin on March 28, April 4, April 18, and April 25 at various stages in the Security Council's deliberations, see *ibid.*, April 4, page 446, April 18, page 517, and April 25, page 536. For a review of the consideration of the Czechoslovak question by the Security Council, see *Yearbook of the United Nations 1947-48*, Department of Public Information, United Nations, Lake Success, New York (New York: 1949), pages 451-458.

501.BC/3-1948: Telegram

The Acting Secretary of State to the United States Mission at the United Nations

SECRET

WASHINGTON, March 19, 1948—6 p. m.

150. For the purpose of further discussions with the British and French Delegations in particular, and other friendly Delegations in your discretion, Dept wishes to outline below present thinking as to what our position on Zecho case ¹ should be as it unfolds in SC and to give you additional background as to our thinking on this problem.

Major objectives are as follows:

(1) We should avoid a showdown on this issue with the Soviet Union which would have the most serious effect on the UN.

(2) No illusions are held as to these proceedings resulting in action which will have corrective effect within Zecho. Effort should therefore be to handle situation in manner which will result in greatest beneficial political effect in other countries where serious Communistic threat exists or may develop shortly. Dept feels this can best be done by taking advantage of this case to paint the stark realities of the situation in Zecho and, but only for purpose of illustration, similar situation in other eastern European countries.

(3) Entirely consistent with points (1) and (2) we should handle the matter in such a way as not to cause damage to UN and to avoid

¹ See the editorial note, *supra*.

creation of feeling of frustration among people of this country and of western Europe.

In working toward above objectives our thinking at this point is that we should support a resolution calling for establishment of SC Commission of Investigation. This would be based on the serious nature of the charges themselves and the evidence presented to SC which although admittedly circumstantial would provide *prima facie* case sufficient to justify investigation. As part of such evidence to be taken into consideration by SC are the more fundamental factors in the present situation in eastern Europe generally and the heightened tension caused by the events in Zecho following similar pattern of events in other eastern European countries.

We are working on a statement along these lines which will refer to the seriousness of the charges and the evidence presented and contain (a) a recital of the actual facts of the Zecho developments and (b) for purposes of illustration actual facts as to developments in certain other eastern European countries pointing out the similarities and the appearance of a pattern. We do not propose to make actual charges against the Soviet Union as such, although we may use the method of posing questions heavily weighted with implications.

We are studying best ways of steering development of case so as to avoid as much as possible a reaction of frustration and ineffectuality of UN, both in this country and in western Europe. But we believe proposal for investigation must be carried forward until it is vetoed. After that point we are tentatively considering supporting consideration by GA or IC of the general question of indirect aggression on the ground that if the Charter is to succeed ways must be found to deal with this type of situation. We have tentatively concluded that not enough would be gained to attempt to establish a committee in New York on the Spanish case model.²

We are conscious of and are studying technical problem involved as to whether USSR must abstain on a decision under Chapter VI as a party involved in the situation.

Additional guidance which is inherent in this and preceding telegrams on our general attitude and suggested course of conduct are:

(1) We should continue to act merely as a loyal member of the SC, stating our views frankly without making a great issue of the case and without attempting to persuade others to see the case with our eyes.

² The situation in Spain arising out of the existence and activities of the regime of General Francisco Franco was brought to the attention of the United Nations Security Council at the initiative of the Polish Government in April 1946. For documentation regarding the attitude of the United States with respect to the "Spanish question" see *Foreign Relations*, 1946, vol. v, pp. 1023 ff.

(2) We should therefore make every effort to avoid becoming an active proponent for investigation and to avoid putting in resolutions of our own.

(3) We should not try to speak early in the Debate. We should certainly not speak before Papánek and the Czech Rep and it would be preferable not to speak until after the Soviets. Dept believes it would be desirable for SC to adjourn after Papánek and Czech Rep statements so that we as well as other members will have opportunity to consider them.

THORP

860F.00/4-3048

The Ambassador in Czechoslovakia (Steinhardt) to the Secretary of State

SECRET

PRAHA, April 30, 1948.

No. 309

SIR: 1. I have the honor to supplement the Embassy's coverage of the Czechoslovak Government crisis of February 1948 by certain descriptive and analytical comments.

2. A crisis such as developed in February 1948 was probably inherent in the situation ever since the consummation of the Czechoslovak-Soviet Treaty of Friendship and Military Alliance of December 12, 1943. An understanding of the causes of this alliance requires a brief look into the historical and psychological background of the Czechoslovak nation.

3. The Czechs are a "little" people. Situated in the geographical center of Europe, they have for centuries been the focusing point for economic and political tensions resulting in countless wars and in successive waves of emigration. The high point in their history occurred in 1346-1378 which was due to the triple coincidence of the strong and constructive personality of King Charles IV (who also became Holy Roman Emperor), the discovery of large silver deposits, and the temporary absence of other strong political forces in Europe. Such a situation did not occur again until 1918 when another power vacuum in Europe and the strong personality of Thomas G. Masaryk caused the emergence of Czechoslovakia as a State. A wave of emigration followed the destructive Hussite wars of 1415-1436. Another wave followed the outbreak of the Thirty Years War in 1620 which began a 300-year domination by the Hapsburgs. Emigration to America occurred toward the end of the 19th century. Finally World War II eliminated first the Jewish business elements and then the 2,500,000 Sudeten Germans who were the industrial backbone of the country.

4. These waves of emigration repeatedly drained off the cream of the population, leaving a residue of small farmers and artisans who

have never seemed able to exercise firmness, courage and noble traits in time of crisis but rather have chosen to bow to political storms which have raged about the country. These people have preferred to survive without undue struggle rather than to fight for their freedom. Under the 300 years of Hapsburg domination which ended in 1918 the Czechs developed an ingrained genius for subtle opposition to the existing regime. They are much more adept when in opposition than when they themselves are in control and faced with the problems of construction and positive rule of which they have in modern times had only twenty years of experience.

5. In the chronic state of being a "little people", the Czechs have always needed strong allies for survival. The devious mental characteristics just described have caused them to attempt to play off their neighbors against each other, to indulge in double-talk (for example the statements of Jan Masaryk during the past two years), and to place bets on both sides. This method was successful in World War II when they escaped destruction, gained in industrial strength and emerged on the winning side. However, their alliance with Russia combined with the present aggressive Soviet political policy in Europe has prevented the Czechs for the present from "having it both ways" as the recent crisis demonstrated. Their occasional ability to play off one side against another has given them a bargaining position and an unwarranted sense of importance. At present as a people they are correspondingly deflated.

6. The Czechs have had bad experiences with their allies. The French and British deserted them at Munich in 1938. Our great mistake in waging a purely military war while the Soviet Union was waging a combined military and political struggle obviously contributed to our loss of influence in Central and Eastern Europe. The Czechs are firmly of the opinion that we "wrote them off" or, in other words, "consigned them to the Soviet sphere of influence" in 1943. While there may have been no formal exchanges on this subject, our later actions indicated the correctness of this belief in the eyes of the Czechs. President Beneš received a polite but non-committal reception in Washington early in 1943. The Tehran Conference followed in November. What Stalin may have told Beneš in December about spheres of influence and "All-Slav Brotherhood" may easily be imagined. In any event, there was no alternative than for the Czechs to sign with the Soviets. Our attitude at Yalta and at Potsdam on boundaries and reparations and especially the halting of our army in May 1945, thus permitting Soviet forces to liberate Praha confirmed our stand in the minds of the Czechs. Hind-sight now indicates that further attention by us to the political aspects

of the war might have given us control of Central Europe at a nominal cost.

7. The Soviet-Czechoslovak alliance of December 12, 1943, doubtless prevented temporarily a post-war situation in Czechoslovakia such as developed in Poland. It offered Czechoslovakia tangible benefits only so long as the Soviet Union chose to abstain from an aggressive European policy. Since the Soviets in fact continued to be aggressive, it was only a matter of time before a crisis would be precipitated in Czechoslovakia. Whether such a crisis would come in February, May, August or the next year was partly a matter of opportunity but was fundamentally a Moscow decision. Nearly all Czechoslovak authorities believed no crisis was imminent in February since it was to the advantage of the Soviet Union to keep the situation calm in Czechoslovakia in order to continue the flow of materials to the Soviet Union. This fact, according to Dr. Hubert Ripka, Minister of Foreign Trade, after his return from Moscow in December 1947, was fully understood by Soviet Economic Commissar Mikoyan¹ and other high Soviet officials. The benefit of hindsight indicates that the Czechoslovak non-Communist Cabinet members did not realize the extent to which the country would be utilized as a pawn in the Soviet over-all plan for Europe. It is evident that a decision was reached in Moscow that political considerations outweighed the possible economic disadvantages to the Soviet Union of a comparatively early "putsch" in Czechoslovakia. Furthermore, the resignations of twelve non-Communist Ministers created a vacuum and the Communists moved in. Although the Communists did not precipitate the crisis (although they doubtless planned to do so), they took full advantage of it just as they did at Bogotá.²

8. It is now clear that the decision of the twelve Ministers, representing the National Socialists, Catholics and Slovak Democrats, to resign was taken with the direct encouragement and consent of President Beneš. During the five days these resignations were pending and not accepted, there are definite records that the President was approached at least four times by either the Ministers or their representatives with a view to strengthening him in withholding his consent to accepting the resignations. While the techniques employed have now proven incorrect, it seems clear that the debacle which followed may largely be attributable to weakness on the part of the President which is hardly excusable on the grounds of his sub-normal physical health.

¹ Anastas Ivanovich Mikoyan, Soviet Minister for Foreign Trade.

² Reference to the abortive revolution in Bogotá, Colombia in early April 1948; for documentation on the concern of the United States over the events in Bogotá, see index entry, Colombia: Civil disturbances in volume ix.

9. As to the extent of Soviet interference and intimidation, it is now clear that President Beneš was greatly frightened by the Soviet specter. There are continued reports that pressure brought upon the President by Gottwald and the Trade Union representatives and their adherents who marched on the castle caused the President to fear internal strife and the consequent necessity by Soviet troops in surrounding countries to come in to "restore order". There was no evidence of any Soviet troop concentrations on the borders of Czechoslovakia. It also appears that the extent of the Soviet threats was probably less than on similar recent occasions in Finland and in Iran, both of which countries successfully resisted such threats whereas the Czechs succumbed to them. While the conduct of the Czechs in this respect is not condoned, it can be partly explained by their historical background outlined above. Furthermore, during the crisis, there was a terrific amount of dashing around by the various Ministers and high Government officials, to watch what each of them was doing, to attempt to keep them firm in their previous pledges, to prevent minor members of the non-Communist parties from succumbing to Communist blandishments. In short, there was a great deal of distrust, lack of unity, loose talk and physical movement, all of which caused indecision and lack of positive action on the part of the moderate forces. Of this, the Communists took full advantage.

10. There was no direct evidence of Soviet interference. Even the activities of Soviet Ambassador Zorin, who arrived in Prague by airplane February 19, cannot be placed under the heading of direct interference. Those of his conversations of which the Embassy has creditable reports were opened by a discussion of the grain situation. In one case, he is known to have avoided the discussion of politics at least until he left the office of the Cabinet Minister on whom he was calling. In some cases, he discussed politics with the office personnel who were Communists. Zorin is not a forceful, door-slamming type and his activities are not comparable to those of Vishinsky in Bucharest during the crisis there.³ The only indications of definite preparation which may have had Soviet aid are that the Communists' "Action Committees" sprang into the picture with great suddenness on the morning of February 23 and that in a special demonstration about the same date Trade Union militia appeared on the public squares with new rifles. It had long been known that the Trade Union groups had possessed caches of arms in various factories which dated back to

³ In late February 1945 the then Assistant People's Commissar for Foreign Affairs of the Soviet Union Andrey Yanuaryevich Vyshinsky took a direct hand in persuading King Michael of Romania to agree to the appointment of a Communist-dominated cabinet. For documentation on the efforts of the United States to help bring about the establishment of democracy in Romania, see *Foreign Relations*, 1945, vol. v, pp. 464 ff.

the 1945 Revolution, most of the arms having originated from underground sources during the war period. However, the presence of brand new rifles with shiny unvarnished butts took most people by surprise. The Action Committees were obviously well organized by the Communists. In essence this is a well known Czech institution which has existed since the war, national committees which exercise much local influence having existed ever since May 1945 originating also from the war-time underground movement. The Action Committees were simply a new name for an old phenomenon to which the Czechs are well accustomed but they may well have been directly encouraged by Soviet support.

11. As to the death of Foreign Minister Masaryk on the night of March 9-10, 1948, the actual circumstances are still surrounded by mystery. It is possible that definite evidence may be obtained to determine whether it was in fact suicide or murder. The suicide theory is the only one which the Government could officially announce and the fact that the official announcement was not made until at least six hours after his death indicates that higher Czech officialdom was caught by surprise. This would indicate that in case it was murder, the deed was perpetrated by non-Czech persons. As reported by the Embassy, there are several circumstances which would tend to support the murder theory but the Embassy is still inclined to give credence to the suicide theory in the absence of further facts. More than three-fourths of the Czech population believes in the murder theory which of course is embarrassing to the Communists. Certain unpublished statements which come from the President's immediate entourage and recently reported by the Embassy, to the effect that opened razor blades and knotted pajama cords were found in Masaryk's bedroom, give credence to the theory of premeditated suicide. The sources have suppressed this information because they desire the public for the present to keep on thinking that it was murder. Masaryk's death of course created a wide-spread feeling of sorrow among the population. The Communist elements heavily played up the deprecatory messages which Masaryk had received from his friends in the West as one of the causes of his suicide. Regardless of whether it was suicide or murder, his death retrieved his reputation which had rapidly dwindled during the February crisis. Furthermore, from a political viewpoint, it made very little difference whether it was suicide or murder since the net result was to indicate that his continuance in office was inconsistent with his basic philosophy and with that of his distinguished father. He realized too late that he could not look in two directions at the same time.

12. The Communists were aggressive and bold, and were sufficiently organized to take advantage of the situation. The non-Communists had no adhesion as a group, did not recognize the issue as one of Communism against non-Communism and continued to place their individual party loyalties and personal ambitions ahead of their opposition to Communism. This, combined with weak leadership at the top, particularly on the part of the President, caused the debacle. From the American viewpoint, it seems despicable that, with the exception of a few students, not a single person from the President of the Republic down to the humblest citizen even uttered a public word in defense of their political liberties. Several Czechs, friendly to the Embassy, have since stated privately that since their people were not willing to fight for their freedom, they do not deserve to have it. Many people who hold such beliefs have subsequently fled from the country and are now attempting to form a resistance movement in exile. This also fits into the historical pattern and reduces to zero any possibility of effective resistance at present to Communism within Czechoslovakia itself. Such resistance is out of the question since Czechoslovakia is now completely a police state.

13. At the present date (April 30, 1948) the country has experienced its first wave of arrests and ejection of "reactionaries" from their jobs. A period of comparative calm has ensued. This enables the Communists to consolidate their position. The elections now scheduled for the end of May no longer have important significance since voters only have a choice between the single Government list and a blank ballot. No party is giving the Communists any opposition and it seems probable that all non-Communist parties will either soon be dissolved or united with the Communists. Czechoslovakia has become a full-fledged puppet state. Rumors are in circulation that it may soon be integrated legally with the Soviet Union, a development which could quite possibly occur. At any rate, the next wave of arrests is likely to eliminate any remaining "reactionaries" and in the opinion of some, even certain of the milder Communists. The higher officials are taking extra precautions for their personal safety.

14. While there is a great deal of grumbling and persons friendly to the West state that as high as 80% of the population, including some Communists, are highly dissatisfied with what has happened, it is not in the Czechoslovak character to offer resistance or to take effective counter action. There are many people who believe that their only salvation will be in a war between the United States and the Soviet Union. They do not think of the disastrous physical results such a war might have in their country. They are in the shameful position of not having raised voice or hand against the Communist domination but at

the same time they hope for the United States to come and save them. This mentality results partly from their experience during World War II when the country succeeded in sitting out the war with practically no physical destruction and survived in a better economic state than it previously enjoyed. Therefore, those who remain in the country look forward to another conflict in which they might enjoy similar benefits and at the end be able to make out a good case for being on the winning side, whichever that may be. While this estimate is highly deprecatory and possibly unjust to a few high-minded Czechs, it is intended to describe the general thinking of the country. In case of a future conflict, there will doubtless be a considerable reservoir of latent good will in Czechoslovakia toward the United States. This will express itself in some obstructionism on the part of the people against the Soviet occupiers. To put it the other way, no effective benefit to the anti-Soviet belligerents can be expected without the presence of ground forces within the country.

15. As to our policy toward the puppet Czechoslovak Government, it is obvious that we should render it no material or moral support whatever. To do so would be diametrically opposed to United States interests. The only justification for the continuance of diplomatic representation is for the maintenance of the existing small, mutually advantageous trade and for the convenience of Americans visiting Czechoslovakia. Our radio broadcasts to Czechoslovakia continue to have a limited usefulness which may yield distant rather than immediate returns. The Czechoslovak political exiles could for the present be utilized in this project and also as lecturers and for obtaining covert political intelligence. As a group they would probably fall to political bickering unless we took a direct hand in organizing them. Within a few weeks the possibilities for obtaining open political intelligence in Czechoslovakia will undoubtedly be greatly reduced, and consequently plans should be made for increased covert activities in this part of Europe.

16. The benefit of hindsight indicates that Certain measures could have been taken which might have delayed the Communist domination of Czechoslovakia. These are listed as of possible application in other countries where similar situations prevail.

a. An increase in our radio and other propaganda services including publication of the full story of why we permitted Soviet forces to liberate Berlin and Praha. The smallest and most impoverished countries spend large sums for this purpose whereas we greatly reduced ours in 1947.

b. Negotiation of treaties of commerce and cultural agreements. Small countries are flattered by such attentions.

c. Assistance in the form of much needed commodities on a sale (not gift) basis. The Soviet Union came to Czechoslovakia's rescue after the 1947 drought by *selling* needed grain at a high price.

d. Direct internal interference for the purpose of organizing the existing anti-Communist forces effectively. The latter are usually more numerous. Since they normally lack organizing ability they are totally lost to us if we do not mobilize them. This is contrary to conventional diplomacy but we have an opponent who breaks the rules.

Only the first of the above measures would any longer be of utility in Czechoslovakia. These techniques have proven effective when used by the Soviets, while at the same time they try to turn to their own advantage what they regard as our soft idealism, our conventional "fair-play" methods and our attempts to "buy" good will. Greater use by us of Soviet methods might result in both positive and preventative benefits.

Respectfully yours,

LAURENCE A. STEINHARDT

860F.001 Beneš/5-2948 : Telegram

The Ambassador in Czechoslovakia (Steinhardt) to the Secretary of State

SECRET URGENT

PRAHA, May 29, 1948—2 p. m.

838. Visited President Beneš yesterday at his country place on occasion of his birthday to convey good wishes of the diplomatic corps. Although he was up and about, his physical and mental condition has deteriorated considerably during the past two months. On the other hand, he has by no means lost possession of his faculties and although at times his speech comes rather slowly, indicating the necessity for intense concentration to express his thoughts, everything he said during an interview of nearly an hour was entirely lucid. Among other things Beneš remarked that he wished to make it unmistakably clear that his views on the subject of democracy had undergone no change. He condemned the methods employed by Communists in seizing power and clearly implied that it was contrary to the will of a majority of the people. He does not believe that what he described as the "present conditions" in Czechoslovakia can continue for any length of time and feels that the country will suffer a serious economic crisis which he described as "necessary" to bring home to the people the unsound policies being pursued by the govt. He said he could not and would not approve the new constitution and ridiculed the impending election which he said obviously would not reflect the will of the people. I gained the impression that Gottwald has subjected him to intense pressure since May 4 not to resign but that being determined to do so,

a compromise was reached whereby Gottwald agreed to his resignation after the election. Beneš stated that his resignation would take the form of a letter addressed to Gottwald in about ten days which probably will be published and which I doubt from the President's remarks will contain any acrimony.¹ Although neither the President nor Mrs. Beneš—who was present—would say so, they appear to believe that any request at this time by the President for permission to leave the country would be refused. They apparently do not desire to make an issue of his departure at this time and in consequence they plan to spend two months in the Tatra Mountains after his resignation becomes effective. Beneš expects Gottwald to succeed him but he is by no means certain. As to who would succeed Gottwald as Prime Minister, he and Mrs. Beneš think that it would be Slánský² or Zápotocký.³

STEINHARDT

¹ President Beneš' letter of resignation was dated June 7, 1948, and was given to the press the following day. On June 14 the Czechoslovak National Assembly elected Gottwald President, and he immediately assumed office. Beneš died on September 3, 1948.

² Rudolf Slánský, Secretary General of the Czechoslovak Communist Party.

³ Antonín Zápotocký, Deputy Prime Minister in the Gottwald cabinet; a leader in the Czechoslovak Communist Party and Chairman of the Czechoslovak Central Trade Union Council. Zápotocký was named the Prime Minister on June 15.

860F.00/5-3148: Telegram

The Ambassador in Czechoslovakia (Steinhardt) to the Secretary of State

SECRET URGENT

PRAHA, May 31, 1948—2 p. m.

839. In spite of intense propaganda, intimidation, regimented voting, that casting of blank ballots was declared by high officials of the government to be tantamount to treason, and a complete lack of secrecy,—the number of intentionally mutilated ballots, blank ballots and other protest ballots described below was considerably greater than the Communist leaders appear to have anticipated.¹ The percentage of protest votes unofficially reported to have been cast was sufficiently high to confirm the belief of foreign diplomats and newspaper correspondents that sixty to seventy-five percent of voting population is as of today opposed to the Communist regime and resentful of the Communist seizure of power. The election was orderly and there were no disturbances, which may be attributed at least in part to methods of intimidation employed by the government and the complete lack

¹ Reference here is to the elections for the Czechoslovak National Assembly on May 30, 1948.

of secrecy. Early official returns indicate that government will announce from eleven to twelve percent blank ballots. Undoubtedly government will not announce the number of ballots that were intentionally mutilated or the number of "home-made" protest ballots or pictures of Beneš and Masaryk that were clandestinely distributed on the same kind of paper of the same size as the official ballots and which were inserted by many voters in the envelopes intended to contain the ballots.

A noticeable feature of the election in the city of Praha was the conduct of the precinct officials as the day progressed, in limiting what freedom and secrecy there had been during the early hours. This was accomplished in many precincts by removing the screen or making it more or less inaccessible after noon, and by employing various forms of intimidation to make the voting progressively more public. Among the methods employed to achieve this end were to call out the names of the voters in a loud voice and to station an inspector next to the basket in which the voter was obliged to place his unused ballot thereby permitting the inspector to observe which ballot was used. Another noticeable feature in Praha was the unexpected dismissal at about 8:30 p. m. of the regular Praha inspectors who were tabulating the ballots. These inspectors had been prepared to continue their work until 3 a. m. when it was expected the final count would be established. Instead they were abruptly dismissed and the tabulation was taken over by representatives of the Ministry of Interior.

The foregoing measures can only be attributed to a degree of surprise and annoyance by the Communist leaders at the extent of the discontent indicated by the early vote and a determination to increase the pressure on the voters, to ascertain for themselves the extent of the discontent, and to control the final count. Early unofficial report from Moravia indicate that blank ballots were running 33 percent and in Slovakia 20 percent. It is most unlikely however that the government will admit any such percentages in the published count.²

STEINHARDT

² Airgram A-495, June 9, 1948, from Praha, not printed, reported that final official election returns gave the Communist-dominated National Front 89 percent of the valid votes; the remaining 11 percent of the ballots were blank. The airgram commented further as follows:

"The Embassy has already informed the Department of its conviction that the election results were 'rigged' and that at least 40% of voters cast the white ballot or purposely invalidated their vote. The British Embassy supports this view with figures of 42% opposition votes in Bohemia, 35% in Moravia, and 66% in Slovakia. These figures would, of course, be considerably higher but for intimidation of voters and absence of secrecy at the polls." (860F.00/6-948)

760F.61/9-148

*Memorandum by the Assistant Chief of the Division of Central European Affairs (Williamson)*¹

SECRET

[WASHINGTON,] September 1, 1948.

Your attention is called to the increasing number of rumors from Czechoslovakia concerning the possibility that the Soviet Union may absorb Czechoslovakia and make it one of the component states in the Soviet system. These rumors date back to May 1948 (Praha's 742 of May 10 and 747 of May 11). Recently further reports have been received on the same subject (Praha's 1326, August 18, 1364, August 27, and Airgram 636 of August 17).² All reports received since May state that "spontaneous" demonstrations are planned to demand inclusion of Czechoslovakia in the Soviet Union. These rumors are now linked with the current discussions on the German question and uniformly state that in the event of any break between East and West on Germany that the demonstrations will take place. One report states that the "popular demand" for annexation will be made on October 28 to coincide with the Czechoslovak Independence Day.

The origin of these rumors is not known but intelligence sources state that they have had a uniform circulation throughout Czechoslovakia. They are comparable to similar rumors which have been circulated in all satellite states. With respect to Czechoslovakia the circulation of these rumors may be a deliberate act on the part of some circles of the Communist Party. If the Soviets are contemplating such action in the event of an East-West break on Germany, the circulation of rumors concerning annexation would be one way of testing the popular reaction in Czechoslovakia to such an act. Certain sources within the Politburo of the Party are in close touch with Moscow. It is known that Zápotocký, the Prime Minister, and Slánský, the Secretary General of the Party, are not only in close touch with Moscow but support fervently the entire Cominform line. The other wing of the Party represented by such people as Gottwald, the President, and Clementis, the Foreign Secretary, have a more distinct nationalistic bias than the other members of the Politburo. It may be possible that a potential situation exists within Czechoslovakia for the same type

¹ This memorandum was circulated to John D. Hickerson, Director of the Office of European Affairs, Jacob D. Beam, Chief of the Division of Central European Affairs, and Robert G. Hooker, Jr., Associate Chief of the Division of Eastern European Affairs.

² None of the documents under reference in this paragraph are printed.

of conflict with the Cominform as recently took place in Yugoslavia.³ If that is true, the circulation of rumors concerning annexation might play an important role in the differences of opinion between the two groups in the Party.

It is not known whether the Soviet Union intends to annex Czechoslovakia in the near future or in the event of a break between the East and West. The coordination of Czechoslovak institutions with Soviet institutions has not progressed as rapidly as in Bulgaria and Rumania. On the other hand, the present dominant leaders in the Party, Zápotocký and Slánský, would not oppose such a development if the Soviet authorities so decided.

It is recommended that Mr. Armstrong⁴ request that the tracking down of such rumors and evaluation of their sources be made a priority task of our intelligence services.

[FRANCIS T. WILLIAMSON]

³ For documentation regarding the interest of the United States in the conflict between the Cominform and Yugoslavia, see pp. 1054 ff.

⁴ W. Park Armstrong, Jr., Special Assistant to the Secretary of State for Research and Intelligence.

Editorial Note

An agreement with the Government of Czechoslovakia settling all lend-lease obligations of the Czechoslovak Government under the Czechoslovak-American lend-lease agreement of July 11, 1942 (Department of State Executive Agreement Series No. 261) was signed in Praha on September 16, 1948. Under the terms of the agreement, the Czechoslovak Government agreed to pay to the United States within 10 days the equivalent of \$172,961 in crowns as full settlement of the obligations arising out of the deliveries of an estimated \$2,760,000 in lend-lease aid to the Czechoslovak Government under the July 1942 Agreement. Settlement negotiations had been conducted in Praha intermittently from early 1947. For the text of the September 16 agreement, see Department of State Treaties and Other International Acts Series No. 1818.

FINLAND

INTEREST OF THE UNITED STATES IN MAINTENANCE OF THE NATIONAL INDEPENDENCE OF FINLAND

760D.61/1-2648 : Telegram

The Ambassador in Sweden (Matthews) to the Secretary of State

SECRET

STOCKHOLM, January 26, 1948—3 p. m.

110. I called on Secretary General Beck-Friis this morning and asked his impressions concerning happenings in Finland and what they portend. He said he had little concrete information but three recent developments did cause some anxiety:

(1) Soviet pressure forcing return of thirty-one Balts (which Beck-Friis said was in fact provided in peace treaty); (2) visit of Leino¹ and wife to Moscow where he presumed important "orders" were given; and (3) sudden appointment of General Savonenkov as Soviet Minister Helsinki.² He said Savonenkov had reputation in Finland of being very tough and disagreeable while serving as number two to Zhdanov on Control Commission.³

I asked specifically whether to his knowledge Soviet had yet "invited" Finns sign military alliance (mytel 106, January 24⁴). He said a number of rumors to that effect were circulating but he had no confirmation as yet. While reports are vague it seems clear he said that the question was discussed during Pekkala's visit to Moscow.⁵

Whether all this foreshadows a definite change in Soviet policy toward Finland or whether it marks merely a tightening of the screws preliminary to next summer's Finnish elections he said he did not know. During his service in Finland the Finns who at first after the armistice were panicky lest they would suffer fate of Baltic states, subsequently indulged in much speculation as to why they were permitted such relative autonomy. They usually concluded he said this was due to their toughness, their basic traditions of law and order and their belief that their reparations contribution to Soviet economy

¹ Yrjö Leino, Finnish Minister of the Interior.

² Lt. Gen. G. M. Savonenkov presented his credentials to the Finnish Government on January 16, 1948.

³ Andrei Andreyevich Zhdanov, Chairman of the Allied Control Commission in Finland in 1944-1947.

⁴ Not printed.

⁵ The Finnish Prime Minister, Mauno Pekkala, and the Foreign Minister, Carl Enckell, had visited Moscow in November 1947.

made it wiser for Moscow to leave them alone. Whether this was wishful thinking Beck-Friis could not say but he had always felt Soviet policy toward Finland would depend primarily on general situation. With the increase over past months in tension, Soviet regime may follow its Balkan pattern in Finland but this he said is merely a guess as Sweden had no indication of Soviet intentions.

Sent Department as 110, repeated Helsinki as 6, Moscow as 9, Paris as 39 and London as 41. By mail to Oslo and Copenhagen.

MATTHEWS

760D.6111/2-1348: Telegram

The Minister in Finland (Warren) to the Secretary of State

SECRET

HELSINKI, February 13, 1948—4 p. m.

50. Secretary General Foreign Office Voionmaa just informed me in long conversation this morning that under instructions from Foreign Minister he is cabling today all Finnish diplomatic missions circular directive advising them deny rumors of Finnish pact, military or otherwise, with Soviet Union. For my background information he said Cabinet decision has been taken not proceed with any pact although "some sectors in government and in Diet have been and are pressing in favor of such proposal".

He said also while it is little early understand full significance appointment Savonenkov as Soviet Minister Finland, such inference as now available indicates appointment was made (1) as gesture of support to Finnish Communist Party in forthcoming Diet election now scheduled for July, (2) to promote degree of nervousness that has already borne fruit by large crop press rumors in past three weeks.

Replying my question whether Cabinet will make relatively minor current Diet issue re compulsory feeling [*sic*] of firewood question of confidence he said "yes".¹ Said this and other relatively minor questions may be made occasion of almost weekly votes confidence until election because (1) Cabinet as group is tired and many of them would like be relieved of responsibilities; (2) Cabinet feels Diet not giving support they should expect and they intend offer challenge of confidence whenever possible.

Sent Department as 50; repeated Moscow as 9, Oslo as 11, Stockholm as 8.

WARREN

¹ The reference here is to a bill, presented by the Cabinet on October 3, 1947, which would have instituted government control of fuel supplies. Despite Cabinet attempts to secure quick passage, the bill was delayed in the Diet. On May 4, 1948, the Cabinet withdrew the bill because it could no longer be passed in time to affect the winter's supply of firewood.

760D.6111/2-2048: Telegram

The Ambassador in Sweden (Matthews) to the Secretary of State

TOP SECRET

STOCKHOLM, February 20, 1948—6 p. m.

223. I have just learned from an excellent source that the Finnish Foreign Minister sent for Coulet, French Minister Helsinki, February 18, for two hour talk. Enckell told Coulet that Savonenkov's recent visits to President Paasikivi had been for the purpose of inviting him to visit Moscow. Paasikivi declined the invitation on the ground that it would considerably disturb Finnish public opinion and because of his age (78) and the state of his health. On February 12 Enckell lunched alone with Savonenkov, at which time latter broached subject of treaty of "friendship". Enckell told him that Finnish opinion was not sufficiently prepared for such a treaty, that time would be required to educate Finnish public and that he saw no need for treaty. Savonenkov said on the contrary, he thought Finnish public was sufficiently educated now to accept such a treaty. Enckell continued that he considered situation to be of extreme gravity and that Finland was now faced with a choice of accepting a treaty which, in time of war, would put the Soviet army on the country's western frontiers, or of refusing a treaty and being occupied by Soviets in time of peace. Article Four of treaty of peace, in any event, prevented Finnish neutrality in case of war.¹ Enckell continued that he had told no one of his conversation, either in his own government or any other diplomat. My informant did not know why Enckell had selected Coulet as sole confidant, except that he had known him in Finland some years ago. Informant characterized the report bluntly as "Finnish SOS".

Repeated Paris as 71, London as 81, Moscow as 22. I am not repeating to Helsinki to avoid compromising source.

MATTHEWS

¹ For the text of the Treaty of Peace with Finland, see United Nations Treaty Series, vol. 48, pp. 203-303.

760D.6111/2-2048

The Minister in Finland (Warren) to the Secretary of State

TOP SECRET

HELSINKI, February 20, 1948.

No. 86

SIR: I have the honor to report that on February 18, I called upon Mr. K. A. Fagerholm, the Social Democratic Chairman of the Finnish Diet, at his office at the State Alcohol Board (Fagerholm is a director of this Board). An Attaché of this Legation acted as interpreter.

After the usual courtesies, Mr. Fagerholm indicated that he was anxious to make known some information concerning those problems which are currently causing the greatest concern to Finland. Mr. Fagerholm wanted to make it clear that he shares President Paasikivi's close confidence.

Mr. Fagerholm said that the President is gravely concerned about a "defense friendship pact" with the Soviet Union. Such a pact was suggested to Prime Minister Mauno Pekkala and Foreign Minister Carl Enckell while they were in Moscow for the October Revolution celebrations last November. Since the January 1948 arrival of General Savonenkov in Finland as Soviet Minister, he has approached President Paasikivi and Foreign Minister Enckell about such a pact, demanding that the Finns initiate the discussions. The General's pressure at the present time for such a pact is strong. Fagerholm said it is extremely difficult for Finland to prevent such a pact in view of the squeeze which the Soviet Union can apply upon Finland in connection with reparations deliveries and interpretation of the peace treaty.

The President, as well as Mr. Fagerholm, is of the opinion that the Finnish Government *must* postpone any decision relative to a Soviet-Finnish "defense friendship pact" until after the Diet elections in July. He went on to say that the present Government no longer has the confidence of the Finnish people, it has to be considered to be merely a technical Government acting during the interim period until the new elections. It would therefore be most dangerous for the present Government to propose such a pact. If it is still necessary to propose such a pact after election of the new Diet, which will contain fewer extreme leftists, the Government which will then be formed will at least have the confidence of the people who might then understand the necessity of a pact. All the people, except for the Communists, are against a pact. Necessity can, however, make them succumb. Although the pressure for a pact is increasing, the President is determined to cause postponement of any action on the matter until after the elections. No notes relative to the pact have been written by the Soviets; all Soviet approaches have been oral.

Mr. Fagerholm explained that any aids to Finland's economy will strengthen Finland's position in stalling off the Soviets. If the Finnish Government could be certain that reparations deliveries and other obligations incurred under the peace treaty could be met to the full satisfaction of the Soviet Union, the Government would be fortified in its struggle to prevent any alliance with the Soviet Union.

With respect to the possibility of Diet elections earlier than the scheduled time in July, Mr. Fagerholm said that it naturally would be worthwhile to have elections earlier (in order that a Government based

on the popular will might be formed). On the other hand, these elections, for technical reasons, could not be scheduled for any date earlier than the end of May. Thus, there is not much to be gained by advancing them a month before the scheduled July date.

The French Minister to Finland, Mr. François Coulet, spoke with me on February 16 about talk of a friendship and mutual defense assistance pact between Finland and the Soviet Union. Minister Coulet said that Foreign Minister Enckell, a long time friend, had called upon him specifically to tell him of recent talks with the Soviet Minister, General Savonenkov. The two recent visits of Savonenkov to President Paasikivi (Legation's telegram No. 34 of January 31, 1948¹) were for the purpose of inviting the President to visit Moscow. On General Savonenkov's first visit he proposed the visit, and on the second call he insisted upon the visit to Moscow by the Finnish President. President Paasikivi is said to have replied that (1) Any matters of common interest additional to the peace treaty can be discussed just as well between the two of them in Helsinki as on a visit to Moscow; (2) The Finnish population would be terrified by such a visit, recalling the President's ill-fated visit to Moscow on the eve of the Finnish-Soviet Winter War in November 1939; (3) The state of the President's health (he suffers from lumbago) does not permit him to travel at this time.

Minister Enckell himself was invited to lunch by General Savonenkov on February 13. At this time the General proposed that the Finns, on their own initiative, propose a friendship and mutual assistance pact with the Soviet Union. Minister Enckell replied (1) As the Finnish peace treaty has so recently come into force, it might be better first to determine Finland's ability to adhere to it before making any further treaties; (2) There would be strong opposition to such a pact in the present Finnish Diet; (3) The Finnish people are not ready for a friendship and mutual assistance pact with the Soviet Union. The General refused to accept Minister Enckell's third point, saying he has been in Finland for three years and knows that the Finnish people are ready.

Minister Coulet told me that he received the impression that the form of pact which the Soviets had in mind for Finland was similar to the pact signed with Hungary this week.² Also I gathered that Minister Enckell was possibly using him as an intermediary to attempt to determine what would be the attitude of the United States toward the idea of a Finnish-Soviet friendship and mutual assistance pact

¹ Not printed.

² The Treaty of Friendship, Co-operation and Mutual Assistance between Hungary and the Soviet Union was signed at Moscow on February 18, 1948. For the text of this treaty, see United Nations Treaty Series, vol. 48, pp. 163-175.

and how the American Government might react, should such a pact be concluded.

My conversation with Mr. Fagerholm confirms the French Minister's story about the existence of severe Soviet pressure upon the Finnish Government to propose a friendship and mutual assistance pact. Mr. Fagerholm appeared well aware that conclusion of such a pact would be a long stride towards the inclusion of Finland within the Soviet system.

Respectfully yours,

A. M. WARREN

760D.6111/2-2748 : Telegram

The Minister in Finland (Warren) to the Secretary of State

TOP SECRET

HELSINKI, February 27, 1948—6 p. m.

60. Foreign Minister Enckell sent for British Minister¹ this morning 9:30 to tell him in strictest secrecy nature of crisis now confronting Finland. Half hour later Enckell sent his brother to French Minister in equal secrecy to acquaint him with same facts. I heard the essentials broadcast by BBC at 1 p. m. GMT. The two stories as compared by my colleagues in conference with me this afternoon reveal that Monday, February 23, Paasikivi received letter from Stalin saying Russia desires friendship and military alliance pact with Finland along lines of Hungarian-Rumanian pacts and suggested either Paasikivi and Enckell go immediately Moscow to negotiate or, if Paasikivi preferred, Stalin would send delegation Helsinki to negotiate. Since Monday Paasikivi drafting reply along lines reported in my despatch 86, February 20, as given by Fagerholm. He wished to stress time not ripe for such pact; relations between USSR and Finland progressing satisfactorily under peace treaty; and his health did not permit him go; while at same time presence of Soviet delegation in Helsinki might provoke disturbances. Enckell disapproves content proposed draft on ground it is too late to put Soviets off. He told British Minister unless Finns go through with pact, Soviets undoubtedly will provoke incident through interpretation of peace treaty and alleged Finnish non-compliance. British Minister replied to Enckell he thought such reasoning unsound because Soviet would give no guarantees they might be likely to keep either peace treaty or any other matters once fact of a treaty or alliance established. Cabinet met all day yesterday and again this morning when Stalin letter brought to its attention. Meeting with President scheduled for 5 this afternoon to be attended Diet Committee Foreign Affairs Chairman, plus heads

¹ Oswald A. Scott.

Diet, party groups.² This fits into statement made me last night by Social Democrat Diet leader re program his party based apparently on prior leak to him of crisis. Proposal that Paasikivi will submit to this larger group is that they decide whether he and Enckell go Moscow try talk Soviets out of demand immediate pact on grounds country not ready and request Soviets delay demand until after elections which they prepared promise take place early in May. British Minister inferred from Foreign Minister this morning that Enckell slipping in determination rapidly in past two weeks and has no fight left. He also inferred Enckell very concerned about US, French, British reactions vis-à-vis Finland once pact signed. British, French Ministers agreed Paasikivi only determined person in Finnish Government who could effectively stand up against Soviet Union.

Sent Department as 60; repeated Moscow as 10.

WARREN

² At this meeting President Paasikivi read Stalin's letter, but no action was taken or suggested by any party group (telegram 61 from Helsinki, February 27, 1948, 769D.6111/2-2748 not printed).

760D.6111/2-2848 : Telegram

The Minister in Finland (Warren) to the Secretary of State

SECRET

HELSINKI, February 28, 1948—4 p. m.

66. My French colleague told me midday his advice requested by Foreign Minister Enckell. Coulet seeing Enckell this afternoon and I inferred he has no instructions from Paris. His own inclination is counsel resistance at least delaying action, but he fears Communist coup of familiar pattern unless Paasikivi agrees go Moscow. Yesterday afternoon Foreign Minister had stormy session with President when he expressed opinion too much time lost in acknowledging receipt Stalin's letter and advised Paasikivi strongly go Moscow. Paasikivi retorted he won't go, but agreed send letter Stalin which despatched last night merely acknowledging Stalin's communication. Enckell feels delay and *pro forma* acknowledgment will anger Stalin with Communist coup expected any moment. French Minister inclined agree Enckell's estimate situation that time running fast. He inferred prepared give Enckell personal opinion Paasikivi should go. When he asked my opinion I replied couldn't say without indication Department's thinking events last few days. He said British Minister, whom I haven't seen today because he planned leave town over weekend, is most cynical in conclusion Finns had better make best deal they can soon as possible. Question raised in conversation of possible appeal Paasikivi to UN. Coulet thought should Paasikivi make such move,

Stalin would order Minister Interior remove President and take over government in matter of hours.

WARREN

760D.61/3-148: Telegram

The Ambassador in the Soviet Union (Smith) to the Secretary of State

SECRET

Moscow, March 1, 1948—6 a. m.

394. As seen from Moscow, it appears there may be a chance that with firm backing from US and other western powers, Finnish Parliament might well politely, but firmly turn down request, pointing out that Finland practically unarmed, is on good terms with all its neighbors, does not feel it is threatened by anyone, and therefore, does not need mutual assistance pact.

We should assure Finns that if they turn down request and find themselves in difficulties by further Soviet pressure, we and other western democracies would be prepared back them in anything short of war, particularly by taking matter up in UN in a very firm way along lines that since duly elected parliament had refused request, Finns under no obligation comply. Case of Iran might well be cited this connection.¹ We should also be prepared further assist them economically along lines ERP, or through Export-Import Bank, etc. In backing up Finns stand in UN, we might well make use of examples of what happened to Baltic states in 1939 after they signed mutual assistance pacts and what happened to most countries which signed the Litvinov nonaggression agreements in early thirties. Finland by refusing sign similar mutual assistance pact 1939, at least has succeeded in retaining independence.

Even possibility indecisive UN action should not deter us from leaving no stone unturned to show futility of counting on any reasonable action from Soviets either in or out of UN, and press for closer ties of Western Union,² etc., as only chance to face up to them as a body rather than allow them continue to pick off one country after another.

Full information on and explanation to our own Congress of significance recent Soviet moves in Czechoslovakia³ and Finland may result in speeding consideration and adoption universal military training law and building programs for Army, Navy, and particularly

¹ For documentation on efforts by the United States to secure removal of the armed forces of the Soviet Union from Iran, see *Foreign Relations*, 1946, vol. VII, pp. 289 ff.

² For documentation on Western European Union, see vol. III, pp. 1 ff.

³ For documentation on the crisis in Czechoslovakia in 1948, see pp. 733 ff.

Air Force. Measures of this kind are the only language Soviets understand.

Only when they and the countries they threaten realize that we mean business and are willing and prepared to back up our policies politically, economically, and if necessary, militarily, is there any real chance that the present Soviet policy of truculent aggressive expansionism may be modified.

Sent Department 394.

Department please pass Helsinki as 1, Stockholm 12, Paris 51, London 21.

SMITH

860D.00/3-148 : Telegram

The Secretary of State to the Legation in Finland

TOP SECRET

US URGENT

WASHINGTON, March 1, 1948—6 p. m.

NIACT

39. (Top secret for Minister only) Unless new developments should occur which make such action inadvisable, please approach FonMin at once along following lines:

You should state that U.S. Govt has followed with closest attention recent developments in Finnish-Soviet relations. While US Govt is not in a position to express any opinion on the proposed pact with the Soviet Union, it would be interested to have any info which Finnish Govt may wish to furnish it which would clarify present situation. Although the US is not a signatory to the treaty of peace with Finland the US Govt is nevertheless interested in maintenance of national integrity and independence of Finland. In this connection, you should make quite informal or seemingly casual inquiry whether the Finnish Govt has considered that despite the fact that Finland is not a member of the UN, should Finnish Govt feel Finland's national independence and territorial integrity were under definite threat or menace of armed force as a result of decision taken by Finnish Govt in conformity with its concept of Finnish national interest, the way is open for Finland to bring its case before the UN Security Council under Art 35 of Charter. In course of such a conversation you could add that you are certain, should developments take that course US Govt would support in the UN the case of any country which found itself faced with menace of armed force.

You should make clear that in giving this assurance of support in the UN we mean by support only action within the limits of the Charter of the UN.

Above is being sent to Caffery [as 637] and Douglas [as 705] for communication on top secret basis to French and British Governments for their information.

MARSHAL

760D.6111/3-248 : Telegram

The Minister in Finland (Warren) to the Secretary of State

TOP SECRET

HELSINKI, March 2, 1948—5 p. m.

77. Following receipt Deptel 39, March 1, I met Foreign Minister Enckell 10 a. m. today, previously arranged appointment. He said January '45 Zhdanov saw President Mannerheim,¹ asking Finns to mobilize [*demobilize?*] heavy coastal guns entrance Gulf Finland. Mannerheim said he not understand request as guns not only defense Finland but protect region against aggressor attempt march through Finland into Soviet Union. Also he told Zhdanov Finns had no desire be enemy Soviet, only wish maintain territorial integrity. Zhdanov replied Soviet desired defense pact Finland lines Soviet Czechoslovak pact '43.² Mannerheim said situations not identical hoped Zhdanov communicate news Moscow. Nothing further heard till Cabinet Delegation headed by Prime Minister and Foreign Minister went Moscow November '47 revolution celebrations. Molotov³ then referred '45 conversation and inquired if connection between it and February '47 Paasikivi statement Finnish Soviet society magazine when Finnish President said "if someone future attempt attack Soviet Union through our territory we with Soviet Union fight aggressor as much as and long as can."⁴ To Molotov suggestion defense pact Prime Minister and Foreign Minister replied Molotov they no instructions discuss. Enckell told me Stalin proposal for pact same Rumanian-Hungarian peacetime relationships pact differs Russo-Czechoslovak pact for common action time war. Enckell said when President presented Stalin's proposal heads Diet party groups, he referred to four principles indicated his Finn Soviet society magazine article February '47. Besides aggression statement they are: (1) friendship with Soviet Union; (2) preservation Finnish independence territorial integrity; (3) neutrality event great power struggle. When I told him we fol-

¹ Marshal Carl Gustav Mannerheim, President of Finland, 1944-1946.

² For documentation relating to the treaty of friendship, mutual assistance, and postwar collaboration between the Soviet Union and Czechoslovakia, signed at Moscow, December 12, 1943, see *Foreign Relations*, 1943, vol. III, pp. 726 ff.

³ Vyacheslav Mikhailovich Molotov, Minister of Foreign Affairs of the Soviet Union.

⁴ The article appeared in the February 12, 1947, issue of *SNS-Lehti*. A translation of the article was transmitted to the Department in despatch 1099, February 17, 1948, not printed (860D.00/2-1747).

lowing situation closely and would welcome any clarification Finnish Government might give he said his government expects debate accord constitution and established parliamentary procedure.

Paasikivi estimates Communists will not attempt extra legal action although considering this element closely admitting government's estimate may be inaccurate. Government dependence upon integrity majority Finnish workers farmers who completely loyal, intensely patriotic and upon civil police and army which also loyal, plus elements mobile and state police outside Helsinki. Government does not have accurate estimate Soviet forces Porkkala and Finnish Soviet border. Reports received government last few days disturbing but no confirmation. Enckell had copy UN Charter on desk giving me opportunity remark casually UN provided agency presenting problem where integrity small power subject outside threats and Security Council, under Article 35, could take cognizance such situation. When Enckell asked if Finland's integrity independence threatened might she have access UN, I replied USA certainly would support within limits UN Charter case when country found itself faced outside menace. Enckell's eyes filled tears when thanking me this reply. He further recalled Molotov during signing peace treaty Moscow '40 said all desired of Finland was assurance military security for Leningrad, Murmansk and Murmansk railway and therefore territory adjustments. Enckell has no confidence Molotov now will remember his statement and promise that Soviet not move beyond adjusted boundaries.

Sent Department 77, repeated Paris as 3, London as 3.

WARREN

760D.61/3-448 : Telegram

The Ambassador in Sweden (Matthews) to the Secretary of State

SECRET

STOCKHOLM, March 4, 1948—1 p. m.

287. I have read with much interest Ambassador Smith's telegram No. 394 to Department.¹ I would certainly agree that if any steps can be taken to assure Finnish rejection of Soviet treaty and those steps are successful, the effect would be one of great world-wide encouragement to the free nations. I am frankly skeptical however that the chances of success are worth the risk of the consequences of failure. I defer naturally to Smith's judgment as to the possibilities of a Russian retreat but I should think with the personal prestige of Stalin's letter involved and the presumed inability or unwillingness of the west to render the Finns military aid, there is not much likelihood that Finnish resistance to Soviet heat will be adequate. Looked at from this

¹ March 1, p. 766.

small corner I can only say that failure of any determined and much publicized western efforts to save Finland would have a profoundly discouraging effect in Sweden and merely deepen Swedish determination to remain neutral. Most Swedes are well aware of "the futility of counting on any reasonable action from the Soviets" and most of them are aware that Finland is lost if the Soviets so decide. A failure of western efforts to save Finland would, I believe, seriously shake confidence here both in the seriousness and the potentialities of the west when it comes to action not words.

Moscow telegram, I fully concur with last two paragraphs.

Sent Department, repeated Paris 90, London 100, Moscow 28, Helsinki 15.

MATTHEWS

760D.6111/3-648 : Telegram

The Minister in Finland (Warren) to the Secretary of State

SECRET

HELSINKI, March 6—noon.

94. Night fifth Foreign Minister sent his brother to French Minister to tell him Thursday p. m. Press Attaché Soviet Legation called on Foreign Minister's secretary to inquire how things going Soviet proposal. When told they going well, Attaché replied Finnish Government knows they not going well at all. In fact Finnish Government must know that Soviet Government aware attempts on part Paasikivi and members government to establish contact with Anglo-Saxons for purposes unfriendly to Soviets. When asked to clarify, Soviet Attaché said Soviet Government knew that Finnish Minister Stockholm in close contact with American Ambassador there and Finnish Minister London seeking contacts higher circles British Government. After receiving memorandum his secretary's conversation, Foreign Minister summoned Soviet Minister to office March 5, 4 p. m. Foreign Minister asked if Soviet Minister knew substance of his attaché's statement to secretary previous day. Soviet Minister said of course he knew and in rough and unpleasant manner said Soviet Government aware Paasikivi and members Cabinet seeking contacts for orientation with Anglo-Saxons for purpose unfriendly to Soviets and Finns should not expect Soviets permit it. Enckell irritated and denied statement categorically saying neither he nor President nor any member Cabinet have taken any action prejudicial friendly relations with Soviets. Thereupon Soviet Minister asked if Foreign Minister thought he knew everything going on in Finland. Enckell then repeated statement. Soviet Minister closed interview, walking out office with remark "we

shall see." French Minister's impression is Foreign Minister who went immediately President with above report is very frightened.

Last night BBC 6 p. m. BMGT heard Finland at 8 quoted *Izvestia* saying progress Finnish debate on Stalin proposal indicates Finns not aware (1) future independence Finland is identified with Soviets; (2) there should be no doubt about military nature of pact. No Finnish reaction this statement yet come my attention. French Minister says Foreign Minister does not know whether interpret conversation with Soviet Minister as no more than expression Soviet irritation Finnish delay decision or whether it threat saber rattling or whether it warning Soviets will follow same pattern Finland as in Czechoslovakia, that is extralegal internal action on grounds reactionary intrigue Anglo-Saxon powers.

WARREN

860D.00/3-1048: Telegram

The Minister in Finland (Warren) to the Secretary of State

SECRET

HELSINKI, March 10, 1948—midnight.

108. I am informed by French Minister via Enckell that President in his communication to Stalin, delivered to Russian Minister this afternoon, said that as previously indicated (1) he had presented Stalin's letter to Diet, (2) and included in his del[egation] which he named the principal party groups of Diet and (3) majority opinion of Diet (which he believes represents majority of Finnish opinion) is opposed to military pact and (4) he hopes negotiations will be free. With respect to last point, both Enckell and Svento¹ tried all day yesterday to talk President out of this statement without success. Svento, who was charged with translation into Russian, did not include fourth point in translation, and when this was picked up by Paasikivi, I am told he gave Svento terrific dressing down and insisted that fourth point be included.

Sent Department as 108; repeated Moscow 14; London 9.

WARREN

¹ Rheinhold Svento, Finnish Associate Foreign Minister.

760D.6111/3-1348: Telegram

The Minister in Finland (Warren) to the Secretary of State

TOP SECRET

HELSINKI, March 13, 1948—5 p. m.

120. Late last night Minister of Defense¹ sought me out at men's dinner given by Finn American Society to Professor Franklin Scott

¹ Yrjö Kallinen.

of Northwestern and showed me translation into English of statement he intends make re Soviet negotiations at this p. m.'s Cabinet meeting called to discuss instructions to Finn delegates. Statement of some four paragraphs is forthright declaration of necessity Finland in interest of world peace should not be identified with military block but must resist at all costs efforts incorporate it in pact pattern which inevitably results in war. For that reason, he advocates Finland resist any Soviet demands of military nature and if pact necessary it should be along lines of Anglo-Soviet treaty.² Defense Minister said only he, his translator, and I had seen statement but he intends inform Cabinet this p. m. He will insist on its incorporation in record and reserves right its future use.

As background his position he told me when President first invited a Cabinet group discuss Soviet proposal for negotiation he inquired if discussion should be limited to terms of proposal or whether it might include an estimate of present and potential position of Finland as small but not unimportant element in developing world picture. President told him go ahead, whereupon he expressed view at that time that Finn political independence must be safeguarded all costs as worthwhile element in forces striving for peace. He then added that President's own position is equivocal and source of embarrassment because it limits his freedom of action. He said President embarrassed by statement he wrote February 1947 to organ Finn Soviet Society and now irritated by Molotov's accurate recollection of his statement last November (see mytel 77, March 2). He said President fears that Soviets, when delegation proceeds Moscow, will use Paasikivi's statement as point departure rather than basis for understanding. Notwithstanding difficulties in these matters, Defense Minister expressed his own strong sense of obligation to insist that his point of view on Finland's position in developing world picture must have widest possible use.

Last night chief political section Foreign Office told Legation officer he prepared make available copy Finn's reply to Stalin and other pertinent information on negotiations by suggesting a pretext be made telephonically for an appointment by Legation because he has no confidence either in Foreign Office or Legation telephone security. He said that no Finn may be involved but expressed fears that Soviets have facilities for telephone monitoring. This confirms to a degree my impression that some prominent Finnish officials including Fagerholm, speaker Diet, getting nervous public contact with Legation officials. Social Affairs Minister Heljas has intimated desire communicate with

² Presumably a reference to the Anglo-Soviet Pact of Mutual Assistance, signed July 12, 1941, at Moscow. For the text of this pact see League of Nations Treaty Series, vol. cciv, p. 277.

Legation through intermediary, although he said his availability for direct contact established as soon as he becomes acting foreign minister when Enckell goes Moscow. This may also explain Peltonen's repudiation of article over his name published by New York *Mirror*, March 4. Peltonen's situation caused by violation confidence on INS correspondent Nordness part who left today for Stockholm.³

WARREN

³ The article by Ned Nordness, International News Service correspondent covering the negotiations of the Soviet-Finnish Pact, reported that Onni Peltonen, ead of the Social Democratic Group in the Finnish Diet, had conceded the Communist' ability to gain control of Finland only through direct action from the Soviet Union. Peltonen denied having made such statements.

760D.6111/3-1648 : Telegram

The Minister in Finland (Warren) to the Secretary of State

TOP SECRET

HELSINKI, March 16, 1948—11 a. m.

130. Yesterday the President had a farewell two hour conversation with Marshal Mannerheim before he leaves by air this p. m. for week's stay in Sweden on his way not to Lugano but to Palace Hotel at Lausanne. The Marshal desired me to know that President is less nervous and depressed about situation. He has about decided not let Enckell go Moscow and to utilize his presence here as excuse for further limiting powers of delegation to no more than messengers to transmit material for decisions to be taken here. President and Enckell will also have benefit of Stahlberg's strong attitude.¹ It is expected that President will insist on Leinos going to Moscow and thus have some brake on party activities.

WARREN

¹ Presumably a reference to former President of Finland, Kaarlo J. Stahlberg.

760D.6111/3-3048 : Telegram

The Minister in Finland (Warren) to the Secretary of State

TOP SECRET

HELSINKI, March 30, 1948—1 p. m.

173. Supply Minister Vilhula told Legation offiver last evening Finnish Government informed 27th that Molotov rejected Finn proposal basis negotiations and insisted Soviet Union desires joint defense pact with Finland to take effect upon threat of war and not only open war. Finn delegation had been instructed by President to consider defense pact which would apply only event war and which not

require Finnish forces outside Finland nor intervention internal affairs Finland. If pact concluded it should indicate that Soviet military support for Finland only at request Finland. All delegates except Peltonen who insisted upon following instructions expressed willingness negotiate pact of "mutual understanding" with respect to defense instead pact to apply only event war. Molotov considered that also not sufficient. After Saturday evening Cabinet session with President, latter announced new meeting twenty-ninth to formulate government position with respect Molotov proposal to be given Foreign Affairs Committee Diet four p. m. thirtieth. President met with selected advisers on twenty-ninth but cancelled meeting with Cabinet last minute indicating to Vilhula President in muddle.

It now necessary Cabinet meet today before Foreign Affairs Committee meeting.

Sent Department 173, repeated Moscow 21.

WARREN

760D.6111/3-3048 : Telegram

The Minister in Finland (Warren) to the Secretary of State

TOP SECRET

HELSINKI, March 30, 1948—5 p. m.

175. Last night Supply Minister Vilhula told Legation officer that Agriculture Minister Viiding yesterday told him he would hereafter fully support Vilhula's anti-defense pact stand in Cabinet. On March 14 when Cabinet formulated its recommendations re instructions to delegates Agrarian Vilhula and Social Democrats Hiltunen, Takki, Harma and Kallinen opposed any form defense pact with Soviets supporting only friendship cultural treaty (Agrarians Vesterinen, Heljas and Viiding then favored no negotiations defense pact in first stage negotiations). Ten other Cabinet members willing negotiation defense pact included all Democratic Union plus Enckell, Torngren, Kaijalainen and Social Democrat Kilpi. Acting Prime Minister Vesterinen expected continue appeasement (at current new instruction discussions) thus by majority of one or two (Heljas position uncertain) government not expected recommend rejection Molotov proposals unless influenced by President who thus far not attempted influence opinion or acted contrary his February 47 Finnish Soviet Society magazine article which he still regrets having made.

Vilhula convinced Foreign Affairs Committee Diet will not accept Molotov proposals, and to assure achievement this end Vilhula personally intends conferring with committee members today. He also convinced (if negotiations not end at this stage) Diet will not ratify Molotov's proposed pact. President included statement in instructions

to delegates that new treaty in order take effect must be ratified by Parliament accordance Finnish constitution. Diet Agrarians firm in anti-defense pacts stand and are supported by coalition, Progressive and great majority Social Democrats Kekkonen, Vesterinen weakest members Agrarian Party but party Diet members following Vilhula, Koivisto lead, Vilhula who furthest right government minister is member Supreme Lodge Reserve Officers with whom he meeting today.¹ He says 17,000 reserve officers Finland can be expected prevent any Communist attempt coup through use police.

WARREN

¹ This sentence appears garbled in the source telegram.

760D.6111/4-148 : Telegram

The Ambassador in the Soviet Union (Smith) to the Secretary of State

SECRET

Moscow, April 1, 1948—1 p. m.

587. Although Finnish delegation has been extremely reticent with regard to their negotiations, my impression is that they are encouraged by progress so far. Yesterday non-Communist member of delegation in reply to my remark that US had always had great confidence in integrity and determination of Finnish Government and people, said he had reason to believe result of present negotiations would serve to increase that confidence rather than diminish it. Finnish Minister here,¹ rather a milk-toast type of fellow traveler, described Soviet attitude as being "extremely generous."

One can only guess at this stage, but mine is that Soviets will probably demand another base or bases, possibly in the Hango area and a general defensive treaty, but that they will not require the complete military and industrial integration which they have demanded in their treaties with other satellites. Of course, military potential of Finns is not considerable at present time, and Soviet military "instructors" would be extremely unwelcome in Finland. Soviets will probably feel that disadvantages resulting from too complete integration at this time outweigh advantages, particularly in view repercussions resulting from their most recent aggressive moves.

Sent Department 587; repeated Helsinki 7.

SMITH

¹ Kai Sundstrom.

760D.6111/4-748 : Telegram

The Minister in Finland (Warren) to the Secretary of State

SECRET

HELSINKI, April 7, 1948—7 p. m.

212. My French colleague convinced Finns succeeded unexpectedly well obtained pact more favorable than Hungarian or Rumanian.¹ Said reaction France would certainly be favorable concerning internal situation; thought majority Diet would ratify as gesture solidarity to Paasikivi; did not expect Communist extra-legal action either at this time or during the forthcoming electoral campaign. British Minister who called on Paasikivi today expressed opinion pact makes little difference to the Finnish situation either externally or internally because absence of good faith all around. Said President believed agreement on terms he considers better any other perimeter countries and pleased the Soviet not made specific demands nor taken attitude of harshness. President reiterated belief not only will pact be ratified without much struggle, but election campaign may begin immediately with good prospects free campaign, free elections. Scott does not share optimism respect forthcoming campaign.

From other sources today I gather impression widespread relief evident last night when terms of the pact were released coincidental with the news signing is beginning harden into more questioning attitude by Coalition, Progressive, and Conservative political groups. Attitudes Agrarian and Social Democrats are not yet apparent. Appears may be widespread divisions these two large party groups respect ratification. Possible reaction abroad, particularly US, to pact may color Finnish attitude with respect ratification when debate begins next week and may have some bearing on Communist timetable.

WARREN

¹ For the text of the Treaty of Friendship, Co-operation and Mutual Assistance, signed April 6, 1948, at Moscow, between Finland and the Union of Soviet Socialist Republics, see United Nations Treaty Series, vol. 48, pp. 150-161.

760D.6111/4-948 : Telegram

The Acting Secretary of State to the Legation in Finland

TOP SECRET

WASHINGTON, April 9, 1948—1 p. m.

79. You are requested make discreet inquiry, possibly through your Fr or Brit colleagues, to learn with certainty whether any secret agreement with USSR was made or contemplated in connection mutual defense pact. (Moscow's 8 Apr 7 to Helsinki).¹ Authoritative com-

¹ Not printed; in it Ambassador Smith suggested the possibility of secret protocols to Soviet-Finnish Treaty since his evidence indicated such protocols accompanied other Soviet mutual aid pacts (760D.6111/4-748).

ments on implications and implementation of Article Two would be of interest.

LOVETT

760D.6111/4-948 : Telegram

The Minister in Finland (Warren) to the Secretary of State

SECRET

HELSINKI, April 9, 1948—5 p. m.

223. Dr. Carl Idman, former Foreign Minister most experienced Finnish diplomat after Enckell, one time member International Court Justice, now legal advisor President Paasikivi and rumored replacing Juttila,¹ asked Norwegian Minister² arrange him meet me. We three spent two hours Idman's house yesterday.

Apparent purpose was provide opportunity present Paasikivi's thinking regarding Finnish Soviet pact ascertain USA reaction. He said President, though extremely exhausted physically, nervously, believes negotiated best possible pact under circumstances and decided improvement over Rumanian, Hungarian pacts since guarantees Finnish independence internally and internationally. He thinks Diet ratification easily obtained after short debate with large majority supporting. When I asked regarding broad language Article Two on consultation on threat aggression and Article Five regarding cultural economic consolidation and whether two articles expanded by protocols, he was noncommittal.

Attempting convey impression pact stood on own feet, he refused commit himself categorically either on existence secret protocols or Russian attempt obtain them despite my repeated efforts pin him down. He continued once pact ratified President confident electoral campaign will proceed orderly, constitutional manner and July elections show sharp decrease number Communist Diet members. Forecasts Communist Diet membership now 50 will drop to between 15 and 20 members and Communists lose Interior Ministry.

When I asked how President reconciles such optimism with history events other perimeter states this past year and sharp blow Soviet prestige resulting from substantial setback Finnish Communists, he said President and he completely optimistic basing beliefs partly on continuance Finnish antipathy to Soviets, basic independence Finnish electorals over period centuries, and Soviet unwillingness provoke Finnish incident which might result civil war. Belief based also on precautionary measures taken by President who alerted army and feels sure Finnish organized labor and agrarian movements won't accept Communist domination. President entirely confident Communist pro-

¹ Dr. Kalle T. Juttila, Finnish Minister in the United States.

² Nils C. Ditleff.

grams successful Bulgaria, Rumania, Hungary and Czechoslovakia can't find similar pattern Finland. When he inquired regarding US attitude, I reminded him my government made no public declaration thus far regarding effect signature pact, but I felt necessary recall leading US publications like *Newsweek*, *Time*, *World Report*, and principal US news agencies like AP, UP, indicate US people consider Finland formally inducted Soviet orbit with ratification pact. I said quite apart from presence US some 350,000 votes Finnish origin and extraction, US people have and will continue have great sympathy for Finnish people. At same time Congress in considering ERP approved Mundt amendment.³ He must understand implications this public action in relation pacts Article Five guaranteeing closer economic cultural ties Finland-Soviets. I concluded saying my government would undoubtedly review its position regarding Finland when pact ratified and it would follow closely development electoral campaign.

Sent Department 223; repeated Moscow 29.

WARREN

³ An amendment introduced by Representative Karl E. Mundt, of South Dakota, to the Foreign Assistance Act of 1948 (P.L. 472, 80th Cong., 2d sess.); it placed restrictions on delivery to countries participating in the European Recovery Program of "commodities which go into the production of any commodity for delivery to any nonparticipating European country which commodity would be refused export licenses to those countries by the United States in the interest of national security" (Sec. 117 d).

760D.6111/4-1348: Telegram

The Minister in Finland (Warren) to the Secretary of State

TOP SECRET

HELSINKI, April 13, 1948—5 p. m.

235. ReDeptel 79, April 9, 1 p. m. Supply Minister told Legation officer pact includes unpublished protocols. Although thus far he acquainted with only one which as follows: Finnish defense forces will if and when need arises fight as unit and not as part of Soviet forces. President has promised to inform government existence of protocols although has not yet so informed. It may be recalled President radio address April 9 existence secret protocols denied.

Sent Dept as 235; repeated Moscow 31.

WARREN

760D.6111/4-1648: Telegram

The Minister in Finland (Warren) to the Secretary of State

CONFIDENTIAL

HELSINKI, April 16, 1948—noon.

244. Moscow delegates in conferring with their parties and with friends insist no secret protocols to pact. Except for published pre-

amble and clause of pact no other signed documents although minutes of conference made available to party leaders contain interpretations of treaty clauses and are referred to by Finns as "unpublished" protocols. These minutes allegedly contain only innocuous points and opposition to pact now preoccupied with significance Article 2.

WARREN

760D.6111/4-1648 : Telegram

The Acting Secretary of State to the Legation in Finland

SECRET

WASHINGTON, April 21, 1948—2 p. m.

92. At least until fully informed as to possible unpublished protocols Dept does not expect to comment on pact (Legtel 251 Apr 16¹) and in any case does not desire influence Finnish decision on ratification.

LOVETT

¹ Not printed.

860D.00/4-2748 : Telegram

The Minister in Finland (Warren) to the Secretary of State

SECRET

HELSINKI, April 27, 1948—3 p. m.

272. The Minister of Defense last night told me he did not attend the usual daily Cab meeting called at 6 p. m. and which has come to be known as "the school hour". There was to be further discussion of the government's earlier decisions to invite a vote of confidence on the Firewood bill which as a constitutional measure will require five-sixths of the Diet majority for passage. The Minister said that his position was well known to his colleagues. He considers it a mistake for the government to invite the risk of an upset by no more than a group of 34 dissident votes either from the right or left Diet extremes. He hopes wise counsels may prevail with no governmental rocking of the boat during the next two months of the electoral campaign. If this policy is adopted he expects no extralegal action of any kind until after the July elections when an anticipated slight recession in the Communist voting strength may again precipitate an issue in the formation of a new government. He believes, however, that the Finnish Communist Party is sufficiently well disciplined not to attempt any diversionary tactics of internal orientation but will act upon signals received from Moscow which may be determined by the overall international picture, especially American-Soviet relationships and to the European situation as between countries in the eastern and western blocs.

He then expressed his own sense of relief that the enforced negotiations on the friendship pact, which he expects to be passed not later

than Thursday of this week, coincided with a rapid development in the general European situation, the passage and implementation of the ERP and the apparent determination of the Soviets to consider the Finnish question less as an element in the integration of perimeter states than a factor in the Scandinavian area. The implications, particularly in Norway and Denmark, of the Soviet absorption of Finland are immediately apparent. This, the Minister believes, was an important factor in affecting Molotov's decision to withdraw the initial Soviet demand for a Finnish treaty identical in all respects with the Hungarian and Rumanian pacts and his acquiescence in basing negotiations on the Finnish counterproposals. The Minister said had the Russians been adamant in holding to their initial demands, he himself would have been forced to take a positive position of opposition even though it might have necessitated his withdrawal from the government.

While he does not like Article 2, he believes the Diet will safeguard the Finnish position by placing on record the absence of secret protocols and also recording its determination that any subsequent Finnish-Soviet understanding arising out of the pact may not be determined by the idea but will require Diet ratification.

WARREN

760D.6111/4-2748: Telegram

The Minister in Finland (Warren) to the Secretary of State

SECRET

HELSINKI, April 27, 1948—5 p. m.

273. Diet Foreign Affairs Committee member Pohjala states committee report re pact completed yesterday only after troubled three hour session during which Agrarian coalition and Progressives parties able force inclusion in committee's report statement saying majority Diet members don't consider Finnish Soviet pact necessary. When ratification question comes Diet Wednesday, present prospects are that there won't be more than 15 to 18 votes anti-ratification though probably some Diet members including various Social Democrats will absent themselves from chamber in order not be on record for having voted or abstained. Progressive leader, Kauppi, persistently trying muster negative votes, but Pohjala doubts whether few anti-votes he'll get would be considered tangible evidence Finn anti-pact feeling. Very discouraged Pohjala thinks abstention probably better because more Diet members can be persuaded follow this method.

Pohjala feels pact distinctly Paasikivi's not Finnish people's accomplishment. His deputies pushing ratification have been Fagerholm, Kekkonen. Pohjala blames Social Democrats for Finland entering negotiations and now for agreeing ratification. She also thinks Swedish peoples party and Swedophile Fagerholm encouraged by Swedes and Swedish circles Helsinki approve pact feeling if Finland accepts pact then USSR won't encroach further Scandinavia. Pohjala credits Truman mention Finland in March speech ¹ with getting Finland as generous treatment from USSR as she received.

After treaty ratification Finnish political currents all flow toward July elections which Pohjala feels will express Finnish people's real attitude toward pact. Pohjala hopes US won't cut credits or otherwise penalize Finland because of pact at least until after elections because this plays directly into Communist hands. Recent US reported refusal sell 46 war surplus locomotives Finland strengthened parliamentary fears that Finnish relations with US and west will fade as result pact.

Re possible Communist coup attempt Pohjala says Paasikivi has given Sihvo ² signed mobilization order for use emergency should president be incommunicado. She also confirmed previous report measure for counteraction against Communists well organized.

WARREN

¹ The reference here is to President Truman's speech delivered before a joint session of the Congress March 17, 1948. For the text of this speech see *Public Papers of the Presidents of the United States: Harry S. Truman, 1948* (Washington, Government Printing Office, 1964), pp. 182-186.

² Gen. Aarne Sihvo, Commander in Chief of the Finnish Defense Forces.

760D.6111/5-1048

The Finnish Minister (Juttila) to the Secretary of State ¹

No. 2898

WASHINGTON, May 10, 1948.

EXCELLENCY: I have the honor to inform Your Excellency that, according to information received from the Ministry for Foreign Affairs of Finland, there are rumours in regard to secret clauses or a secret protocol which would have been made in connection with the Agreement of Friendship, Co-operation and Mutual Assistance between the Republic of Finland and the Union of Soviet Socialist Republics signed in Moscow on the sixth day of April 1948.

¹ Delivered by the Finnish Minister to the Acting Chief of the Division of Northern European Affairs, Benjamin M. Hulley.

Referring to the above, I have been instructed by my Government to assure Your Excellency that these rumours are entirely unfounded.

Accept [etc.]

K. T. JUTILA

[Attachment]

Extract From Radio Speech of the President of the Republic of Finland, April 9, 1948

The President of the Republic of Finland, Juho Paasikivi, in a radio speech on April 9, 1948, with reference to the Agreement of Friendship, Co-operation and Mutual Assistance between the Republic of Finland and the Union of Soviet Socialist Republics, remarked i.a.

"In view of the doubts expressed abroad, it may be added that no secret articles are annexed to the Agreement".

860D.002/5-2348 : Telegram

The Minister in Finland (Warren) to the Secretary of State

SECRET

HELSINKI, May 23, 1948—2 p. m.

337. Last night Supply Minister Vilhula told Legation officer Cabinet session at which President dismissed Leino lasted twenty minutes. President indicated he had been waiting for Leino's resignation since a. m. twentieth and specifically offered Leino final opportunity to resign at Cabinet meeting. As Leino did not resign the President summarily dismissed him. Only Communist Ministers Cabinet spoke at session asking that there be further discussions before decision made.¹ After Cabinet meeting Social Democrats, Agrarian Ministers conferred and agreed that if arrangement whereby Kilpi performs functions of both Education and Interior not satisfactory solution, alternative should include no additions to Cabinet but Interior functions should be divided between Democratic Union Minister (no objection to Communist) and Social Democratic Minister with former charge non-police functions and Social Democratic Minister preferably Hiltunen charge police. With Svento's departure² and Leino dismissal Democratic Union still holds 5 Cabinet posts. Kilpi now officially with Democratic Union having entered as candidate South Hame province. With Agrarians having 5 and Social Democrats 4 Ministers Democratic Union no right expect additional Ministers. Kilpi fulfills Communist

¹ On May 22, 1948, President Paasikivi dismissed the Communist Minister of the Interior, Leino, for having turned over to the Russians twenty people without formal extradition. Leino had ignored his constitutional obligation to resign after being censured by Parliament on May 20 by a vote of 81-61.

² Associate Foreign Minister Svento had been sent to Bern on April 27, 1948, as Finnish Minister.

Party demand that Democratic Union have Interior post but obvious Communists desire Communist in post. They are in difficult tactical position as their election campaign built upon disguising Communist Party within Democratic Union.

Supply Minister says twenty-fourth extent Communist wildcat strikes will be evident. If Communists continue purely political strikes affecting shipping and Finnish economy Communist election prospects will be further dimmed as happened in communal election which followed 1947 Communist wildcat strikes. Supply Minister was elated over events believing President's firm attitude toward maintenance parliamentary practices and constitutional guarantees are rightists' trump card.

Sent Department 337, repeated Moscow 47.

WARREN

860D.00/6-1148: Telegram

The Minister in Finland (Warren) to the Secretary of State

SECRET

HELSINKI, June 11, 1948—4 p. m.

382. At this stage before elections right and Social Democratic politicians still confident losses for extreme left and gains for Social Democrats. Except for Social Democratic Defense Minister Kallinen, all right-wing and Social Democrat Cabinet ministers and Diet members who in contact with Legation have predicted Social Democrats will be largest party new Diet. This despite apparent lack strength Social Democratic leadership. Prediction based mainly on four points: 1) Social Democratic gains December 1947 communal elections. 2) Proven strength of Social Democrats over period years as workers party. 3) Difficult to change political convictions stubborn Finns. Heavy Democratic Union support 1945 elections was abnormal as Finland's economy and people's morale then at lowest point. 4) Recent Soviet acts of friendship such as reparations alleviations¹ are not considered reason voting domestic Communist. Rather it has furnished confident campaign talk about Soviets and Communists being forced to desperate measures in Finland.

Last night at Prime Minister's reception for Diplomatic Corps Agrarian Education Minister Heljas told Legation officer when he asks his audiences whether Finland wants Czechoslovak democracy road or conventional Finnish democracy road he receives tremendous applause. Social Democratic Finance Minister Hiltunen at same occasion said in all his speeches he explains new Czechoslovak election

¹ On June 3, 1948, the Soviet Minister in Finland, Savonenkov, told Prime Minister Pekkala that the Soviet Union was reducing the Finnish reparations balance by half starting July 1, 1948.

system which permits blank ballots. Social Democratic Minister Commerce Takki said he is also busy explaining enforced democracy Social Democratic political rallies. Agrarian Vice Chairman Kekkonen, who has reputation compromising attitude toward Communists, in conversations last night was surprisingly sharp in criticizing Communists and speaking right wing election victory. All above as well as Social Democratic Communications Minister Harma the "Labor" Minister did not express great concern about threatened Communist strikes for wages. Minister Harma said he speaking radio tonight giving government's opinion about threatened strikes which will naturally include Social Democratic opinion.

WARREN

860D.00/7-948 : Telegram

The Chargé in the Soviet Union (Donovan) to the Secretary of State

SECRET

HELSINKI, July 9, 1948—6 p. m.

1282. Finnish parliamentary election results, in which Communists and their Democratic Union allies have lost considerable ground in continuation trend set by last December's municipal voting, must be source of considerable annoyance to Soviets.¹ Real reaction undoubtedly revealed by July 7 *Komsomolskaya Pravda* (mytel 1274 July 8²), despite fact that Soviet press has generally contented itself with short factual reports of results (mytel 1251 July 6³) embodying little or no comment or criticism directed at reactionary forces involved.

Pre-election Soviet benevolence in reducing reparations obligations coupled with generally gentle treatment Finland by Soviet press ever since signing of friendship treaty three months ago presumably aimed partly at influencing election results in favor Democratic Union forces. At same time, such treatment obviously contrasts with fact that while Soviets presumably regard Finland as lying clearly within chain of immediate satellite states which Kremlin trying hard to consolidate, this country is still apparently far from becoming a "peoples democracy". This was dramatically shown by May crisis over dismissal Interior Minister Leino and now again by parliamentary election results.

¹ In the July 1-2, 1948 elections the Democratic Union had lost eleven seats, reducing their number of seats from 49 to 38 out of a total of 200 seats in the Finnish Diet.

² Not printed; it reported that the hoped-for defeat of the "reactionary camp" had not been achieved, and it made violent charges against the "traitorous and schismatic reactionaries" in the Social Democratic party. (860D.00/7-848)

³ Not printed.

Immediate further Soviet reaction will no doubt depend considerably on how newly-elected Parliament constitutes next Finnish Government, in particular, whether non-Communist forces seek to eliminate some of Cabinet posts now held by Communist bloc, as would normally be justified by latter's reduced parliamentary support.

In any case Finland will presumably continue as problem child which Kremlin intends to deal with whenever and as soon as suitable opportunity arises. Hertta Kuusinen's⁴ alleged Democratic Union meeting statement of last March that "Czechoslovakia's road is road for us" undoubtedly represents the goal. Recent and continuing Soviet mildness, even in face of latest election results, are probably due Moscow's considerations larger political objectives, including above all fear of pushing Finland's key neighbor Sweden into western camp.

Sent Department 1282, repeated Helsinki 41, Stockholm 41.

DONOVAN

⁴ Hertta Kuusinen, leader of the Democratic Union group in the Diet and the wife of the Minister of the Interior, Leino, was also the daughter of Otto V. Kuusinen, President of the Karelian-Soviet Republic.

860D.002/7-2848 : Telegram

The Minister in Finland (Warren) to the Secretary of State

SECRET

HELSINKI, July 28, 1948—6 p. m.

459. Agrarian diet group chairman Juho Koivisto told Legation officer concerning his visit with President Paasikivi last evening to consult formation government, saying President desires Fagerholm continue attempt form government on same party basis as former, otherwise President willing accept combination Agrarian-Social Democrats. Koivisto asked President's attitude following Foreign Minister candidates: Enckell, Heljas, Sakari Tuomioja, Hertta Kuusinen, Leino. President favorable to Enckell and Heljas and willing accept Tuomioja although latter already has responsible position as President Finnish Bank. When asked about Kuusinen whom Democratic Union have proposed, President said "Mud and manure is getting so deep its about to get in my mouth," and thereafter said he would resign if faced with Foreign Minister Kuusinen. Koivisto stated that last night after Democratic Union had requested five portfolios including Interior, Foreign Ministry, Commerce, Education, Koivisto said Agrarians were prepared to tell Democratic Union they agreeable Kilpi Minister Education, Einopekkala Minister Justice, and their own choices for Social Affairs, Communications Posts and none other, and if they not accepted by today, Social Democrats, Agrarians would form government themselves. However, Social

Democrats last night unwilling to go along as concerned about effect on labor front and "afraid of bear". Koivisto thought last night was best opportunity for such action. Formation two-party government now more difficult. Although Fagerholm continuing efforts his prospects diminishing and if he fails task Cabinet formation may last long time as no likely successful Prime Minister candidate apparent. Agrarians have not waived from their stand against giving Prime Ministry, Interior, or Defense posts to Democratic Union.

WARREN

860D.00/8-548 : Telegram

The Ambassador in the Soviet Union (Smith) to the Secretary of State

SECRET URGENT

Moscow, August 5, 1948—8 p. m.

1530. Though thus far refraining from directly attacking new Finnish Government,¹ Moscow's obvious displeasure over Communists complete exclusion is shown by considerable space given Soviet press last few days to highly critical comment by foreign Communist sources, above all in Finland itself (for example mytels 1520 August 4, and 1523 August 5²). Apart from general considerations which may still call for policy of "moderation" (see mytel 1282 July 9), Soviets probably hope Fagerholm Government's narrow basis of support will prevent it from surviving long, and its eventual demise will consequently impair position social democracy in that country.

Sent Department 1530, repeated Helsinki 59.

SMITH

¹ On July 29, 1948, Fagerholm had constituted a new Finnish Cabinet. All of the Ministers except Enckell, who continued as Minister of Foreign Affairs, were Social Democrats.

² Neither printed.

700.00/12-348

Memorandum of Conversation, by the Director of the Office of European Affairs (Hickerson)

SECRET

[WASHINGTON,] December 3, 1948.

Participants: Dr. K. T. Jutila, Minister of Finland
 Mr. John Hickerson, Director for European Affairs
 Mr. Benjamin M. Hulley, Chief, Division of Northern European Affairs

Mr. Jutila came in for a periodic exchange of views on general matters. After telling me of his recent visit to New Orleans he asked

my views of recent developments in the international field, particularly in the UN Paris Assembly. I said that developments were, of course, disappointing but did not surprise us. With regard to the airlift, I said that this had surpassed our expectations and we would continue it. He referred to the grave situation in the Far East and to a recent report that Turkey was reducing its mobilization.

He then reviewed the current situation in Finland stressing that for the moment it is quiet politically while economically it continues to show steady and gratifying improvement. He mentioned the fact that the Social Democratic Government headed by Fagerholm is doing a fall housecleaning on State Police and other matters which he thinks will be a valuable basis for the future even if it should prove necessary to set up a coalition Government to follow this one. In sum, he feels that Finland is getting along all right as long as it is left alone. I asked about the current exports of woodpulp and newsprint to the United States and he said they were coming at a good volume in the neighborhood of 200,000 tons of each annually.

With respect to relations with the Soviets he said that one never knew what they would do but he did not expect direct action. He realized that pressure could be exerted through the current trade talks in Moscow but he would await developments there. The press report on excessive Soviet demands for metal products was completely unfounded as his Government had informed him.

He expressed his great appreciation of the recent Exim Bank credit¹ and commented that the credits totalling \$130 million extended in the past three years while he has been Minister have made all the difference to Finnish recovery and have, in fact, placed export production on its feet. He said the two experts from the International Bank who had recently visited Finland had brought back an optimistic report. His own guess was that the Finns might hope for around \$25 million credits from this Bank out of the \$100 million requested.

In walking down the hall with Mr. Hulley the Minister said that the Finnish method of getting along with the Soviets was, briefly, by repeating that all Finland wants is peace and work and that with this the Soviets invariably agree. He added that he was more and more impressed by the wisdom of Minister Hamilton's² friendly advice to Finland while he was there to keep quiet and avoid antagonizing Russia. He believed that Paasikivi was being pressed by some Finns to take a more positive public stand but Jutila believes this would only start trouble.

JOHN HICKERSON

¹ The reference here is to a credit of \$10,000,000 authorized by the Export-Import Bank on November 11, 1948, for the purchase of U.S. equipment and raw materials. The Bank had previously made loans of \$1,950,000 and \$675,000 on February 18 and May 12, 1948, respectively.

² Maxwell G. Hamilton, U.S. Minister in Finland 1944-1946.

UNION OF SOVIET SOCIALIST REPUBLICS

REPORTS ON DEVELOPMENTS OF SIGNIFICANCE WITHIN THE SOVIET UNION OF CONCERN TO RELATIONS WITH THE UNITED STATES AND OTHER COUNTRIES¹

811.2361/1-548

The Embassy of the Soviet Union to the Department of State

[Translation]

No. 261

The Embassy of the Union of Soviet Socialist Republics presents its compliments to the Department of State and has the honor to communicate the following:

On December 23, 1947, at 2:15 p. m. in the region of Mys Chukotski, an American airplane violated Soviet territory by flying about seven miles along the coast of Chukotski Poluostrov at a distance of two miles from the shore.²

In communicating the foregoing, the Embassy, on instructions from the Soviet Government, requests that an investigation be made of the said case of violation of Soviet territory by an American airplane and that measures be taken for the prevention of similar violations in the future.³

WASHINGTON, January 5, 1948.

¹ Continued from *Foreign Relations*, 1947, vol. iv, pp. 514-653. For related documentation on United States policy with regard to the Soviet Union, see the compilation on United States National Security Policy in volume I.

² During 1947 and 1948, and continuing into the future, there occurred incidents of alleged violations by overflights of American airplanes of territory of the Soviet Union or of the freedom of commercial navigation by the too close approach of American airplanes to Soviet shipping. Protests were made by the Soviet Union which were investigated by the United States. Only representative incidents are illustrated, but additional documentation and details are to be found in the files of the Department of State under 711.61 and 811.2361.

³ The Acting Secretary of State replied on April 20, 1948, to this note from the Embassy of the Soviet Union, stating that an investigation by the appropriate American authorities disclosed that an American aircraft was flying in the vicinity of Cape Chukotsk at the approximate time mentioned, but there was no indication that the Soviet frontier had been violated. The reply concluded: "American aircraft are under standing instructions to avoid any violation of the Soviet frontier." (811.2361/1-548)

361.1121/1-548

*The Counsellor of Embassy (Durbrow) to the Chief of the United States Section of the Ministry of Foreign Affairs of the Soviet Union (Orekhov)*¹

Moscow, January 5, 1948.

MY DEAR MR. OREKHOV: I wish to bring to your personal attention the case of Mr. Isaia Oggins,² an American citizen who was arrested by the Soviet authorities in 1939, charged with espionage, and sentenced to eight years imprisonment on January 5, 1940. This man was last seen by a member of the Embassy staff in January of 1943,³ and since that time, on the instructions of the Department of State, the Embassy has repeatedly written to the Ministry of Foreign Affairs requesting a report on him, and I myself, as well as other officers of the Embassy, have several times taken up his case orally with Messrs Tsarapkin and Bazykin. The Ministry has not replied to any of our inquiries concerning his health, nor has it told us whether his sentence was to run from February 1939, when he was arrested, or from January 5, 1940, when he was sentenced.

Since his eight year term, figuring from January 5, 1940, instead of the earlier date when he was arrested, expires on Januar[y] 5, 1948, I urgently request that I be informed when and where this man will be released so that a representative of the Embassy may meet him and make the necessary arrangements for his return to the United States.⁴

I am, my dear Mr. Orekhov,

Sincerely yours,

ELBRIDGE DUSBROW

¹ Copy sent to the Department of State in an Operations Memorandum from Moscow on January 5, 1948.

² The Embassy in the Soviet Union had made additional, unsuccessful inquiries in this case in 1947; see *Foreign Relations*, 1947, vol. iv, p. 723, and footnote 3. For the origin of this case, see *ibid.*, 1942, vol. iii, pp. 765-771, *passim*.

³ See *ibid.*, footnote 11, p. 767.

⁴ In despatch 298 from Moscow on March 25, 1948, the Embassy transmitted the Soviet certificate of death TsZ No. 008576 dated January 20, 1948. The report from the Embassy stated that Isaiah Saymonovich Oggins had died at the age of 49 in jail in the city of Penza on January 13, 1947, and that he had been buried in the Penza cemetery.

861.1051/1-648 : Airgram

The Ambassador in the Soviet Union (Smith) to the Secretary of State

RESTRICTED

Moscow, January 6, 1948.

A-19. Reference despatch No. 47, January 10, 1948,¹ regarding the 30th anniversary of the Soviet secret police² and airgram No. 9, January 3, 1948,¹ regarding a recent decree regulating relations between Soviet and foreign institutions.³

The trade union newspaper *Trud* of December 21, 1947, carried another article celebrating the 30th anniversary of the secret police, which contained two different and interesting points. The first was the phrase, "the developing international connections of the Soviet Union with foreign powers are being used by capitalist intelligence agents in order to send spies and diversionists into our country." If these words represent a widely held view in Soviet governmental circles, they offer one more indication of the hopelessness of trying to cultivate friendly cultural or even official relations with the present regime, to whom "developing international connections" are a source of dangerous espionage.

Even more interesting was a direct caveat to foreigners in the USSR, warning them against showing any interest in Soviet internal affairs and containing a reference to the Hilton incident⁴ (cf. Embassy despatch No. 1952, December 20, 1947¹):

"And it is necessary to remind certain of our overseas 'guests' that too much interest in the internal affairs of the Soviet people, affairs which have a simple and perfectly clear name—state secret, is pregnant with unpleasant consequences. In any case, they should not forget about the much publicized incident involving the Military Attaché of the English Embassy in Moscow, when this attaché was detained by a group of workers in the region of a building having defence significance under quite delicate circumstances. This foreigner can confirm that, despite all our hospitality, it is possible to fall into an extremely unpleasant situation among us if, let us say, someone sticks his nose in a place where it does not belong."

Despite the ironic reference to Soviet "hospitality," language like the above offers full confirmation, if any is needed at this late date,

¹ Not printed.

² The All-Russian Extraordinary Commission, or Cheka, had been established on December 20, 1917, as an organ of state security.

³ Concerning this decree of December 16, 1947, see telegram 155 from Moscow on January 29, 1948, p. 798.

⁴ Brig. (later, Maj. Gen.) Richard Hilton, Military Attaché of the British Embassy in the Soviet Union, had been detained by police authorities while out walking in November 1947 on a charge of spying with field glasses. The British Ambassador, Sir Maurice Drummond Peterson, had been instructed to make a strong and frank protest over the treatment accorded him.

of the fact that the Soviet Government is trying to isolate completely the Western diplomats within the USSR.

SMITH

861.515/1-848: Telegram

The Ambassador in the Soviet Union (Smith) to the Secretary of State

CONFIDENTIAL

Moscow, January 8, 1948—3 p. m.

37. Following is substance three protest notes handed Vyshinski¹ yesterday during two hour conference on currency reform and customs.² Full text by pouch.³

First note dealt with 822,212 rubles official funds converted at 10 to 1 under protest and reserving full US rights. Pointed out US Govt through official channels had accepted rubles at fixed rate of exchange for value given and expected in good faith Soviet Govt would honor currency at face value. On contrary without warning Soviet Govt arbitrarily reduced value of currency by nine-tenths which in effect represented capital tax on funds of foreign govt. Such action discriminatory since not Embassy practice maintain current ruble account while missions maintaining such accounts received new rubles 1 to 1 basis up to one month's authorized withdrawal at old diplomatic rate. Note pointed out conversion contrary international practice as exemplified by exceptional treatment accorded diplomatic missions connection Belgium, Bulgaria, Finland, France, Holland, Norway, Rumania currency reforms and requested 1 for 1 payment for total amount official funds on same basis accorded missions maintaining current ruble accounts.

Second note referred 138,884 rubles converted at 10 to 1 by 84 American members of staff who had received these rubles at official rate exchange as part salary, and requested similar treatment that accorded foreign correspondents who permitted exchange cash holdings 1 to 1 up to 3,000 rubles.

Third note requested reestablishment 12 to 1 diplomatic rate.⁴ Pointed out: (1) contention purchasing power ruble had increased not true for diplomatic missions since rents, salaries, et cetera re-

¹ Andrey Yanuaryevich Vyshinsky, First Deputy Minister for Foreign Affairs of the Soviet Union.

² For documentation regarding ruble revaluation, abolition of the ration card system, and price changes in the Soviet Union, see *Foreign Relations*, 1947, vol. iv, pp. 626-653, *passim*.

³ The full texts of these protest notes, dated January 3, 1948, were enclosed in despatch No. 35, from Moscow on January 8, 1948; not printed. (861.515/1-848)

⁴ For documentation on the establishment of the diplomatic exchange rate of 12 rubles for \$1, and the role played by the Dean of the Diplomatic Corps, Ambassador Friedrich Werner, Count von der Schulenburg, see *Foreign Relations*, 1941, vol. i, pp. 870-872, 875-877.

mained same and at new diplomatic rate cost in dollars increased 50% ; (2) cost staple products at new diplomatic rate and new prices considerably above world prices similar commodities, table annexed showed costs staple products here were several times higher than US prices; (3) old rate established 1941 after consultation with diplomatic corps and that rate at the time was effort equalize purchasing power of ruble with world prices then prevailing. Therefore, new rate established without consultation not consistent and did not reflect present purchasing power ruble since ruble prices today considerably higher than 1941..

Most noteworthy thing about this conference was completely intransigent attitude Vyshinski who, for first time during our many conversations, departed from usual attitude of personal friendliness regardless of official subject, and showed irritability and antagonism. It is quite obvious that he had received instructions to make no concessions whatever. Net result can be summed up in his statement "we did not make this law against the Americans and we are not going to change our law for their benefit."

Although after display of antagonism conversation restored to usual friendly tone he takes with me, I am not optimistic or hopeful of any concessions on currency question.⁵

Only other mission make similar detailed protest was British by sending third person note. Italians may also follow up. Iranian, French, New Zealand and Italian protests sent shortly after reform rejected by curt replies.

On subject our customs difficulties his attitude entirely different, and I think we may arrive at some reasonable solution.

SMITH

⁵ Ambassador Smith reported in telegram 307, from Moscow on February 17, 1948, that he had received Vyshinsky's reply of February 13 rejecting his second note herein described, and in telegram 344, from Moscow on February 21, that he had received Vyshinsky's rejections dated February 19 of the other two notes. Neither telegram is printed. (861.515/2-1748, 2-2148)

701.6111/12-2247 : Telegram

The Secretary of State to the Embassy in the Soviet Union

SECRET

WASHINGTON, January 8, 1948—6 p. m.

22. Dept agrees analysis in Embtel 3418 Dec 22 [1947] of Sov motivation in increasing operational difficulties foreign missions.¹

¹ Not printed. The Chargé in the Soviet Union, Elbridge Durbrow, listed in this telegram some recent operational difficulties being encountered by the Embassy. He deduced that the "Soviet Government has apparently taken basic decision to make life as unbearable and expensive as possible for foreign missions and correspondents in order [to] force as many as possible to fold . . . and thus limit to bare minimum number of eyes and ears which can report on actual conditions here." (124.61/12-2247)

Before yielding to pressure, however, and enabling Soviets achieve their objective of reducing staff to minimum we wish examine thoroughly possibilities of continuing maintain as large staff in Moscow as housing permits.² This is matter of prime importance because of increasing need for reliable intelligence concerning conditions within Sov Union as well as pressing need at many posts for officers with Moscow experience. Emb proposal to streamline and coordinate all official operations in Moscow has Dept's enthusiastic approval but we should like consider possibility taking up resulting slack by assignment additional productive personnel.

To permit study possibilities staff reduction Dept desires soonest names personnel you consider could be withdrawn and further functions you feel could be suppressed or performed in Washington. Would also like receive your views on measures you consider would be necessary to permit continue operation Emb at present size. This report should include such price data as will permit determination cost of living under post-revaluation economy and should be based on assumption that under new customs procedure³ imports of foodstuffs and other commodities from US must be sharply curtailed. In view continuing arrests and resignations Sov personnel Dept would also like your recommendations as to what Sov personnel if any could usefully be replaced by American clerks. Clerks could be given Russian language training here before departure. Considerable time would of course be required to recruit and train such personnel.

In any further conversations you may have with Molotov⁴ re treatment Emb, recent developments such as currency revaluation, new dip rate and arrests Emb personnel might usefully be introduced. Dept suggests that if Molotov remains adamant you inform him that in face of Sov refusal treat Emb in manner which universally recognized dip usage sanctions, you feel obliged recommend to your Govt that number Sov officials in US be reduced to size our establishment in Sov Union. Dept prepared implement such recommendation. If you

² The inadequacies of housing conditions for the Embassy in Moscow were old troubles which were referred to in *Foreign Relations*, 1947, vol. iv, p. 642. On still earlier attempts to secure housing improvements, see *ibid.*, 1946, vol. vi, footnote 94, p. 753, and p. 810; and *ibid.*, 1945, vol. v, p. 825.

³ The text of the Regulations for the Entry of Freight and Baggage of Members of the Foreign Diplomatic Corps, Foreign Consuls, Members of Foreign Governments, and Members of Delegations at Diplomatic Conferences Held in the U.S.S.R., dated July 12, 1947, had been transmitted to the Department of State in the Embassy's despatch No. 1597 from Moscow on September 3; not printed. (124.612) Under these regulations the amount of duties were "entered by the Customs organization into special record books issued to diplomatic missions by the Chief Customs Administration." The free import quota allotted to the American Embassy for this year (and also for 1948) was 900,000 rubles (\$112,500).

For some earlier documentation on customs troubles see, for example, *Foreign Relations, The Soviet Union*, 1933-1939, pp. 440-457, 624-669, 837-869; and *ibid.*, 1940, vol. III, Index, p. 1022. Not all of the documentation in the files of the Department of State on these difficulties is included.

⁴ Vyacheslav Mikhailovich Molotov, Minister for Foreign Affairs of the Soviet Union.

consider it advisable you could also point out that you will probably be obliged reduce size present staff without however indicating any exact figure. If it subsequently proves necessary reduce Emb staff Moscow we would then have second opportunity approach SovGov seeking review of position before taking new counter measures.

Suggestion in Embtel 3418 Dec 22 that staffs satellite missions Washington be curtailed is impractical since on any basis these missions smaller than US missions in satellites. Typical over-all figures, including dependents, are Bulgaria 9 as against 63 US personnel in Sofia, Czecho 111 against 133, Hungary 27 against 110, Poland 41 against 72, Rumania 50 against 104. Should satellite missions expand rapidly following curtailment Sov staff here to point where they exceeded size US missions in respective countries consideration would be given to restrictive measures.

MARSHALL

811.00/1-948 : Telegram

The Ambassador in the Soviet Union (Smith) to the Secretary of State

RESTRICTED

Moscow, January 9, 1948—7 p. m.

49. One and half columns Tass ¹ despatch President Truman's state of union speech ² all papers January 9 attempts indicate that American people struggling with same or worse problems than Soviet people by emphasizing and quoting selections seeming substantiate current Soviet propaganda line or adaptable thereto.

Article alleges message acknowledges impending economic crisis US where people already suffering inflation, certain citizens still deprived equal opportunities education, work, vote, protection laws.

Article emphasizes sections speech on poor conditions education, public health, high cost living, low family incomes, but high incomes monopolies.

Foreign affairs. Article claims Truman asserted US policy aim attainment world peace but "in essence defended policy US intervention other countries under flag defense freedom, policy economic intervention by taking advantage economic need these countries."

Article emphasized appeal maintenance armed forces, introduction UMT, and declares he tried absolve US from guilt for lack peaceful

¹Telegraph Agency of the Soviet Union, official news agency of the Soviet government.

²Excerpts from this message delivered before a joint session of the Congress on January 7 are printed in Department of State *Bulletin*, January 18, 1948, pp. 90-92.

regulation occupied countries by unfounded assertion positive efforts US this field "have so far been hindered."

This Tass despatch of course typical example Soviet practice distort and ridicule our best efforts and intentions, particularly any which might indicate possession progressive social consciousness which according current propaganda is exclusive Soviet monopoly.

SMITH

811.2361/12-447: Telegram

The Secretary of State to the Embassy in the Soviet Union

RESTRICTED

WASHINGTON, January 16, 1948—1 p. m.

57. Based on Air Force and Navy inquiry into alleged violations Sov territory by American aircraft reported Embtel 3319 Dec 4 ¹ reply to Sov note should take following line:

Careful inquiry has been made by appropriate American authorities into alleged violations Sov territory by American aircraft. Investigation discloses that at 2138 hrs Greenwich time Aug 2 single US naval aircraft on ice reconnaissance mission sighted and passed over Sov trawler *Temp* approx 35 miles northeast of Cape Wellen. Aircraft passed trawler at distance of about one mile. When vessel sighted by US aircraft it was on high seas and not in Sov territorial waters.

Re alleged violations state frontiers USSR by flights over Kurile Islands Oct 28 and 29 investigation reveals only flights US aircraft this area dates mentioned were departure two US Piper Cub planes on Hokkaido-Alaska stage world-circling flight. For reason of safety on this dangerous stage of flight Piper Cubs were accompanied by Army B-17 based Japan. Three planes took off from airport Hokkaido Oct 28. Escort plane returned to its base Oct. 29. Flight log indicates planes did not pass over Sov islands either outward or return flight.

US planes are under standing instructions from appropriate authorities to avoid violation of Sov frontiers. On basis info disclosed by investigation however USGov convinced no violation Sov frontiers occurred in cases cited and accordingly unable accept protest made in reference note.²

FYI foregoing cleared with Air Forces and Navy.

MARSHALL

¹ Not printed. This telegram contained a full summary of the Foreign Ministry's note No. 374 of December 1, 1947.

² The Embassy in the Soviet Union incorporated this reply in its note No. 32 to the Foreign Ministry on January 19, 1948.

701.6111/1-2348 : Telegram

The Acting Secretary of State to the Embassy in the Soviet Union

RESTRICTED

WASHINGTON, January 23, 1948—2 p. m.

89. We are holding in NY Customs 19 pieces of recently arrived Soviet chancery supplies in addition 40 pieces mentioned Deptel 2050 Dec 22.¹ Please indicate action you wish us to take on these consignments.

Dept also interested learn whether Fonoff has established new customs quota Emb imports for 1948.²

LOVETT

¹ Not printed.

² Ambassador Walter Bedell Smith replied in telegram 129 from Moscow on January 24, not printed, that in view of continued difficulties, and with the 1948 customs quota still 900,000 rubles, he requested that the 19 pieces continue to be held (701.6111/1-2448).

124.612 : Telegram

The Ambassador in the Soviet Union (Smith) to the Secretary of State

SECRET NIACT

Moscow, January 26, 1948—4 p. m.

US URGENT

139. Personal attention Hickerson.¹ More than two weeks have passed since my last effort with Vyshinski on customs question, and no reply to this or subsequent follow-up letters received. Durbrow will visit FonOff today or tomorrow and inform that our supplies have dwindled to point where we must act one way or another and if no decision reached within ten days we be obliged assume our requests for reconsideration refused. If, as I anticipate, no reply made by end ten-day period or if our appeal refused, believe I should then see Molotov and, after reviewing consideration given in Deptel 1953, November 18,²

¹ John D. Hickerson, Director of the Office of European Affairs.

² Secretary of State George C. Marshall reviewed in this telegram, not printed, the lack of reciprocity in the treatment of the respective diplomatic missions. The Soviet Government had failed for a long time to "make available offices and quarters sufficient [to] enable us [to] maintain adequate staff" or to obtain adequate services and facilities for the American Embassy. Recently the Soviet Government had "instituted customs procedure which has been so applied as to make almost impossible maintenance" of the already inadequate staff in Moscow. quate services and facilities for the American Embassy. Recently the Soviet authorities "that unless steps are taken promptly by Sov[iet] Gov[ernment] to insure facilities, goods and services required for efficient operation" of the Embassy in Moscow, then the United States Government "will reluctantly be obliged to consider requesting [the] Sov[iet] Gov[ernment to] reduce its representation here to [the] size [of] our representation [in the] Sov[iet] Union." The Secretary concluded: "This step has President's concurrence." (124.611/11-1847)

inform him that my Government has reluctantly come to conclusion that representation our respective countries should be on basis equal strength,³ same considerations applying as in our previous conversation regarding consulates. Maximum working strength it has been possible for us to maintain in Soviet Union is 120, and it is expected that total Soviet personnel US (including Amtorg⁴ et cetera), will be reduced to same number within 60 days; that recent additional restrictions which we have protested may necessitate further reductions of US representation, and when decision made FonOff will be informed.

I am sure FonOff is waiting to see if we are bluffing, and I feel first reduction Soviet personnel to equivalent our present strength should be carried out whether subsequent reductions are made or not. However, this is a matter on which it is easy to get "localitis", and I want to be certain our action here is completely in accord with Department policy and can be supported at home. Please advise.⁵

Department note our figure 120 includes Vladi[vostok] and 18 working wives, without whom we would require working replacements.

SMITH

³ On November 19, 1947 the Ambassador reported in telegram 3236 from Moscow, not printed, that he had called upon Foreign Minister Molotov and had discussed with him the difficulties specified in this telegram and the future implications. He added that "we had no intention of applying restrictive measures to Soviet personnel in US so long as there was reasonable prospect [of] our arriving at some equitable arrangement" with the Soviet Union. Molotov promised to "look into matter personally, but stated that rules were rules and some people like them and others did not." A marginal comment here reads: "This doesn't sound encouraging." (124.611/11-1947)

⁴ The Amtorg Trading Corporation was the official purchasing and sales agency in the United States of the Soviet Union.

⁵ The Department approved the procedure here suggested in telegram 120 to the Embassy on January 30. In telegram 150 on February 4 Ambassador Smith was told that it was believed desirable to prepare the American public for developments before he informed Molotov of the decision to place representation on a reciprocal basis. The Department thought that he should brief the American correspondents in Moscow on the background, and that it would be preferable to have the stories originate there because he could supply details not available in the Department. (124.612)

861.00/1-2748 : Airgram

*The Ambassador in the Soviet Union (Smith) to the Secretary
of State*

RESTRICTED

Moscow, January 27, 1948.

A-100. The recent and sudden death of Solomon Mikhailovich Mikhoels,¹ although probably not an important political event in itself, has roused a remarkably large crop of rumors in Moscow. Mikhoels,

¹ See airgram A-1285 from Moscow on December 2, 1947, *Foreign Relations*, 1947, vol. IV, p. 628, and footnote 2.

one of the most prominent Jews in the USSR, was an actor and Artistic Director of Moscow's Jewish Theatre. His other positions of importance include the Presidency of the Jewish Anti-Fascist Committee² and membership on the Board of the All-Russian Theatrical Society. His prominence was emphasized by the large and eulogistic press coverage which was given to the news of his decease.

The welter of contradictory rumors and the complete lack of any mention of the matter in the press make it difficult to report exactly how Mikhoels met his death. The only factors common to all the various stories are that he died violently in or near the city of Minsk, Byelorussia. However, the most authoritative account seems to run as follows: Mikhoels was visiting in Minsk with a friend named Vladimir Ilich Golubov (Potapov), reasonably well known journalist and dramatic critic of Moscow. On the evening of January 11 or 12 they visited the home of another friend of Mikhoels, I. G. Pfeffer, a poet of some renown and Vice President of the Jewish Anti-Fascist Committee. On their way home Mikhoels and Golubov were attacked by persons unknown and both killed, although Mikhoels lived long enough to tell the story.

A murder of this nature, even of prominent persons, does not necessarily, of course, have any political significance. The crime may have been perpetrated by common thieves in search of gain. However, a number of various rumors attribute anti-Semitic feeling to the attackers, and such a motive cannot, indeed, be completely discounted. On the contrary, however, the murderers may have been Jews themselves, for Mikhoels has been known as anti-Zionist and Byelorussia has been mentioned as a center of Zionist feeling in the USSR (cf Despatch No. 60 of January 13, 1948³). In any case, even if the rumors possess absolutely no foundation, their ubiquitous circulation offers evidence that a goodly number of Soviet citizens accept as not unbelievable a possible manifestation of murderous anti-Semitism in the USSR.

SMITH

² About the dissolution of this Committee, see telegram 3061 from Moscow on December 30, 1948, p. 948.

³ Not printed.

861.04417/1-2948: Telegram

The Ambassador in the Soviet Union (Smith) to the Secretary of State

[Extract]

CONFIDENTIAL

Moscow, January 29, 1948—6 p. m.

155. *Official Journal* Supreme Soviet, January 25, just received,

gives text law regulating relations between Soviet and foreign institutions and their personnel (re A-9, January 3¹).

As anticipated new decree² channels all Soviet-foreign intercourse through Ministry Foreign Affairs (MID) and in appropriate cases Ministry Foreign Trade. Soviet institutions and individuals not even permitted reply to written communications from foreigners. Oral approaches must be referred MID without discussion of question and every such approach must be reported to MID. Only exceptions these rules are following institutions "within limits their customary functions": postal-telegraph; railroads; city, water, and air transport; customs; police notaries; house managements at foreigners' quarters; fire brigades; emergency medical aid; service stations; savings banks; shops and kiosks including bookstores and restaurants; public utilities; entertainment establishments; museums; exhibits; and information bureaus. Relations with foreign consular representatives are to be regulated by MID on basis laws and international agreements of USSR, and those with military and naval attachés by Council of Ministers on recommendation MID and Ministry Armed Forces.

Decree also repeals earlier law on same subject, whose existence Embassy had long suspected but never identified. [The law was regulation No. 426 of August 27, 1926, of the Central Executive Committee and the Council of People's Commissars.] Text new decree very similar to old but varies in small but highly significant phraseology. Two changes are fundamental, first in subject matter and second in Soviet institutions covered by decree:

1. While original decree prohibited contact only on "political and state-economic matters," new decree has dropped this restricting phrase, thus expanding scope of law to include every type of Soviet-foreign contact.

2. Elimination of words "cultural", "scientific and educational institutions," and "et cetera" from list of exceptions has effect of adding all types of cultural, scientific, and educational institutions (e.g., Lenin Library and Academy of Sciences) to those which cannot deal directly with foreigners.

In short, new decree is very important measure aimed at raising even higher already near-impregnable barrier between Soviet citizens and foreigners in USSR. It is undoubtedly inspired by the innate xenophobia of Soviet regime and its Stalinist ideology and by deep-seated inferiority complex of ruling class. Taken in conjunction with other recent steps . . . decree presents irrefutable official confirmation of fundamental hostility of Soviet Government toward foreign missions

¹ Not printed.

² This decree on the restricted handling of foreign contacts in the Soviet Union was dated December 16, 1947.

in USSR and its intention to make their work as unproductive as possible.

Embassy believes good propaganda possibilities for VOA in this new decree. As tentative proposal subject greater development in Washington, suggest contrasting Soviet approach to foreign relations with current practices of civilized nations and emphasizing danger to world peace in system which regards all foreigners as enemies and potential spies. Emphasize particularly cultural relations prohibited.

Text both new and old decrees will be sent by pouch.

SMITH

861.415/1-2948

*The Ambassador in the Soviet Union (Smith) to the Secretary
of State*

[Extract]

RESTRICTED

Moscow, January 29, 1948.

No. 116

The Ambassador has the honor to report that the Soviet Government devoted considerable effort and attention to the celebration of the 30th anniversary of the Ukrainian SSR on January 25. The event was preceded and accompanied by one of those propaganda campaigns at which the Soviet system is so efficient. The importance of the affair in the eyes of the local rulers was indicated by the fact that Vyacheslav Mikhailovich Molotov himself went down to Kiev to give the speech which formed the high point of the celebration. A translation of Mr. Molotov's remarks on this occasion is enclosed.¹

The most important point of this speech appeared to the Embassy to be a reiterated emphasis on the Ukraine's loyalty to and solidarity with the Soviet regime.² In the light of the long history, extending right up to the present moment, of official criticism directed against the Ukraine for an alleged tendency to submit to "bourgeois influences," it is interesting and probably significant that Molotov stated: "Ukrainian science and arts are successfully overcoming anti-popular bourgeois influences and are gaining ever wider recognition among the peoples of the Soviet Union and beyond its borders."

¹ Not printed.

² At another place in the translation of Molotov's speech he remarked: "The thirty-year history of Soviet Ukraine has been filled with the persistent struggle of the Ukrainian people for the consolidation of Soviet power and at the same time for economic and cultural revival. The Ukrainian people have borne many sacrifices to uphold Soviet power in their Homeland and to repel the offensive of their internal class enemies from the camp of whiteguards and bourgeois nationalists, as well as their external enemies."

Moreover, Molotov emphasized that the Ukrainian people had proved their loyalty to the Soviet regime during the recent war, a statement obviously more distinguished by propaganda value than by objective truth. His actual words were as follows:

"The great difficulties and trials of our patriotic war served as a test of the firmness of the moral and political unity of the Ukrainian people, of their loyalty to the Soviet state and of the Bolshevik devotion of the Ukrainian Communists to principle. At present we know that the Ukrainian people and their vanguard—the Bolsheviks of the Ukraine—passed through all these trials with flying colors."

Nevertheless, the Soviet Government well knows that hostile manifestations in Ukrainian culture and political life are by no means completely suppressed and it will undoubtedly continue to struggle against them. Nikita Sergeyevich Khrushchev,³ present political boss of the Ukraine, who replied to Molotov's speech, reemphasized that point:

"In strengthening the friendship of the Soviet peoples, we are obliged to wage a merciless struggle against all the enemies of Communism, and, first of all, against the Ukrainian-German nationalists who, after the smashing of their German fascist masters, passed into the service of the Anglo-American imperialists—the most evil enemies of democracy and all progressive mankind. The Ukrainian people have destroyed the insignificant group of Ukrainian nationalists and will root out their remnants to the last one."

In addition to the Jubilee Session of the Ukrainian Supreme Soviet at which the above speeches were delivered, the celebration was marked by a host of other meetings, events, exhibits, congratulatory messages, and the usual devotional letter to Stalin. All the written material, including the editorials which followed, were highly congratulatory in tone and often similar to Molotov's speech in content.

³ Nikita Sergeyevich Khrushchev was at this period the First Secretary of the Ukrainian Communist Party.

861.404/2-248: Telegram

The Ambassador in the Soviet Union (Smith) to the Secretary of State

RESTRICTED

Moscow, February 2, 1948—5 p. m.

185. *Journal [of the] Moscow Patriarchate* number 11, November 1947, just received, contains startling and weighty evidence of degree to which Russian Orthodox Church is now subservient to Soviet Government. Magazine prints text of pastoral letter addressed by Patriarch Alexei to his flock and, according to another statement

in same issue, read in all the churches on occasion 30th anniversary Soviet regime. Text this letter from Russian church's highest authority contains strikingly profound endorsement Soviet system and its leaders, which reaches climax in concluding paragraph:

"We shall redouble our prayers for the God-protected Russian state and for its authorities at whose head is the wise leader, whom the providence of God chose and put to lead our fatherland on the path of prosperity and glory."

Such language is strongest Embassy has yet seen in this authoritative ecclesiastical publication. Moreover, fact that supreme ruler of church signed message and that it is first case of issuance of pastoral letter for such occasion emphasized importance of this document. Embassy does not believe that it marks any sharp change in relationship of church to state but rather new low point in long-term trend of ever-increasing public self abasement of former before superior forces of Soviet regime.¹

Fuller coverage by pouch.

SMITH

¹ Several days later in telegram 293 of February 13, the Ambassador informed the Department that in the December issue of the *Journal* for the first time an article was printed "wholly dedicated to propagandizing USSR's current anti-western foreign policy" and strongly attacking the United States. This article "again emphasizes debasement of church to status unprincipled sycophant current regime, and undoubtedly presages increasing use church as propaganda organ for Soviet campaign of vituperation against USA." (861.404/2-1348)

861.51/2-348 : Telegram

The Ambassador in the Soviet Union (Smith) to the Secretary of State

Moscow, February 3, 1948.

195. Moscow press February 1 published Finance Minister Zverev's¹ report on USSR 1948 budget. Principal categories revenues and expenditures planned 1948, with comparison actual 1947 figures, follow in billions rubles:²

Total planned revenues 428.0 vs 385.2; total expenditures 387.9 vs 361.2. Revenues from turnover tax, 280.1 vs 239.9; direct taxes on

¹ Arseny Grigoryevich Zveryev was Minister of Finance of the Soviet Union except between February-December 1948, when he was replaced by Alexey Nikolayevich Kosygin.

² In a preliminary analytical assessment of the 1948 budget, the Embassy pointed out in telegram 198 from Moscow on February 3 that it was "Significant that totals higher, despite new 'full-valued' ruble. This year, rise should not reflect inflation, but indicate higher productivity, increased tax rates or both. Also significant that excess of revenues equals 40 billion rubles." (861.51/2-348)

population 31.1 vs 28.0; state loans, 22.6 vs 25.7. Expenditures on national economy, 149.0 vs 132.7; social and cultural, 116.3 vs 106.5; armed forces, 66.1 vs 66.4; administrative, 13.5 vs 13.0; debt service, 3.5 vs 6.5.

Breakdown expenses national economy: industry, 93.9 vs 83.9; agriculture, 20.0 vs 16.8; transport, 13.8 vs 12.0; trade, 4.2 vs 4.2. Social and cultural: education, 116.3 vs 106.5; health, 59.1; social insurance, 15.7; social security, 22.6.

New capital allocation planned 60.9 billion rubles, vs 1947 plan 49.2 billion. Scientific-experimental budget increased 7.3 percent.

Total member republics' budget 87.9 vs 82.6.

SMITH

701.0961/2-548: Telegram

The Ambassador in the Soviet Union (Smith) to the Secretary of State

SECRET

Moscow, February 5, 1948—7 p. m.

222. Personal for Hickerson. Deptel 150, February 4.¹

As result of conference yesterday between Durbrow and Molochkov² believe there is still a fair chance we will get favorable decision on some at least of our customs demands. Molochkov pled for patience, and I think it wise to delay a little further before informing Molotov of decision to place representation on reciprocal basis in order not to prejudice favorable action in customs matter. Suggest we might wait as long as two or three more weeks, if you agree,³ before bringing it to a head.

SMITH

¹ Not printed; but see footnote 5, p. 797.

² Fedor Fedorovich Molochkov, Chief of the Protocol Department of the Ministry of Foreign Affairs of the Soviet Union.

³ The Department replied in telegram 162 to Moscow on February 6: "Leave to your discretion timing of representations to Molotov based on your estimate of situation." (701.0961/2-548)

861.00/2-748: Airgram

The Ambassador in the Soviet Union (Smith) to the Secretary of State

SECRET

Moscow, February 7, 1948.

A-143. The Embassy has encountered little evidence of the existence of the sentiments ascribed to the Russian people in the Praha report which is the subject of Department's Airgram 401 of December 8, 1947.¹

¹ Not printed.

In brief it is the Embassy's view to the contrary that the great mass of the Russian people wants peace and with it the opportunity to repair the ravages of the recent war and improve their standard of living.

If little evidence is available to support the first part of this thesis, the contention that the Soviet ruling class "is doing everything in its power to curb the unrest of the returned soldiers and of the proletariat and to 'pacify their belligerent hunger for the riches of the West' " seems equally to miss the mark. The picture presented to the Embassy is quite different: the Russian people are under the curb of a new five-year plan with usual emphasis on development of heavy industry and military-economic potential coupled with an aggressive and xenophobic propaganda line which has succeeded in convincing a sector of the population that the capitalist imperialists are making every effort to launch a new world war. Official efforts to improve Russian standard of living though present are definitely of secondary category. Kremlin has however made an extensive effort to reorient military personnel returned to the Soviet Union from other European countries in order to disabuse their minds of the luxuries apparent in the capitalistic west and to refresh them in the ideology of Communistic supremacy.

There are no doubt individuals or groups in the vast Soviet Union who do not conform to above pattern. It is conceivable that certain military circles who found the war not only a reassuring, but an exhilarating and profitable experience would welcome an opportunity to penetrate deeper into the "untapped riches of the West", but this view would hardly be shared by the great majority of Russians for whom the war meant extreme deprivation and hardship, i.e. further reduction of an already very low standard of living.

The newly acquired territories and satellites, as well as such areas as the Ukraine and Byelorussia (not to mention the exiled and interned element of the population), are probably well stocked with persons who look upon war as the only possible release from Soviet despotism. But they are apparently not the subject of reference report.

It might be helpful in analyzing the report to learn specifically what smaller Soviet cities source visited and it should be suggested that his impression of popular Russian "war mongering" may be a misinterpretation of the general dissatisfaction engendered in the population by the failure of peace to bring some measure of prosperity and the gloomy prospect of never-ending five-year plans. That such dissatisfaction is rather widespread is fairly well established, but the Embassy cannot assert that it has gone so far as to goad the average Russian into translating his subconscious "dreams of empire" into conscious objectives which can only be achieved by violence either at home or abroad.

As a general thesis the report is not confirmed by the burden of the evidence available to the Embassy at this time.

To the above, I must add one note of warning. There is a very substantial percentage of veterans who remember war, not as an evil, but actually as a better life than they now live in the squalor and poverty of collective farms and villages. They recall that at the front they were well dressed, well fed, well taken care of medically, entertained and provided with recreation when possible. When on leave they were treated with marked respect by the civilian man in the street, and even by the police. Russian fatalism and lack of imagination divests the possibilities of wounds and death of most of their terrors. A danger lies in the numbers and in the youth of those holding such opinions.

SMITH

081.60m/2-948

Memorandum by Mr. C. Burke Elbrick, Assistant Chief of the Division of Eastern European Affairs, to Mr. Richard W. Flournoy, Assistant Legal Adviser for Special Problems

[WASHINGTON,] February 9, 1948.

With reference to your memorandum of November 5, 1947, to General Snow¹ and to EE's memorandum of November 20 regarding the authentication of the signatures of Soviet officials appearing on documents emanating from Latvia, Lithuania, and Estonia, we should appreciate your reaction to the suggestion made in the final paragraph of EE's memorandum cited.² As noted in that memorandum, it is believed that the third suggestion made in your memorandum of November 5, 1947 would best serve the interests of American citizens; namely, that the persons initiating the action with the Department be informed that the authentication does not imply recognition by this Government of the sovereignty of the Soviet Union over the country in question or the right of the Soviet Union to function in that country. If the above suggestion is adopted, it would seem desirable to issue instructions that all authentications of such documents should bear a special notation to this effect.

Your memorandum of December 8, 1947,³ to me raises a second point; namely, the obtaining of official documents from the Baltic countries for the use of American citizens. At the same time this second memorandum deals with the authentication of such documents which, of course, is necessary in order that they may be used in American courts. We feel that in authenticating documents, the Embassy at Mos-

¹ Brig. Gen. Conrad E. Snow was Assistant Legal Adviser for Political Affairs.

² *Foreign Relations*, 1947, vol. IV, p. 612, and footnote 4.

³ *Ibid.*, p. 630.

cow should follow exactly the same procedure laid down for the Department of State, and therefore the Embassy at Moscow should be authorized to authenticate the seals and signatures of Soviet officials to documents emanating from the Baltic States, provided such authentications bear the notation alluded to above.

EE agrees with you that Americans who are interested in obtaining such documents should communicate directly or through attorneys, with the persons in Estonia, Latvia, and Lithuania who issue such documents. The documents could be authenticated as outlined above by the Embassy at Moscow or by the Department of State.⁴

DS is holding many inquiries from individuals concerning this matter, including Congressional inquiries, and, accordingly, it would be very helpful if we could establish a policy to govern such cases in the very near future.

C. BURKE ELBRICK

⁴ A marginal notation at this place by C. A. Rock of the Division of Protective Services reads: "The Dep[artmen]t could only authenticate the Embassy's authentication."

861.111/2-1048

*The Ambassador in the Soviet Union (Smith) to the Secretary
of State*

RESTRICTED
No. 178

Moscow, February 10, 1948.

The Ambassador has the honor to enclose as of possible interest to the Department three copies of a mimeographed statement prepared in the Consular Section of the Embassy with regard to the issuance of Soviet exit visas.¹

The Embassy believes that this statement may be useful in replying to the many inquiries received from individuals in the United States concerning the prospective immigration or repatriation to the United States of persons residing in the Soviet Union. It is felt that the statistics quoted therein serve as impressive evidence of the difficulty which individuals who are regarded by the Soviet Government as Soviet citizens may be expected to encounter in their efforts to obtain permission to depart from the U.S.S.R.

¹ For previous documentation about the persisting difficulties in obtaining exit visas for Soviet spouses of American citizens and detained American citizens in the Soviet Union, see *Foreign Relations*, 1947, vol. iv, pp. 718 ff., and footnote 1.

The numbers quoted in the enclosed form represent a reasonably accurate estimate, based on a thorough check of available records, of the number of cases contained in the Embassy's files.²

[Enclosure]

INFORMATION CONCERNING SOVIET EXIT VISAS

In order to depart from the Soviet Union, it is necessary to be in possession of an exit visa issued by the appropriate authorities of the Soviet Government. This is true regardless of the citizenship status of the person concerned. The regulations concerning the issuance of exit visas are made by the Soviet Government and the Embassy is not in a position to make representations concerning the application or interpretation of such regulations except in the cases of persons who have a clear and uncontested claim to American citizenship and who are not regarded as Soviet citizens under Soviet law. In this connection, it is pertinent to point out that, with rare exceptions, all persons residing in territories which have been incorporated into the Soviet Union are regarded as Soviet citizens by the Soviet authorities. Although this fact does not in most cases affect the American citizenship status of individuals having a valid claim to American citizenship, such persons, as residents of the Soviet Union, the country of their second nationality, properly come under Soviet jurisdiction and must comply with the regulations for Soviet citizens in order to leave the country.

On the basis of the Embassy's experience, it appears to be the policy of the Soviet Government at the present time to refuse in almost all cases to issue exit visas to persons considered to be private Soviet citizens under Soviet law, regardless of the compelling reasons for their desire to proceed abroad. This policy apparently is in effect with regard to persons who have Soviet citizenship only as well as to persons who possess dual nationality, that is, persons who have a claim to both Soviet and American citizenship.

The stringency of the present Soviet policy with regard to the issuance of exit visas is illustrated by the fact that there are now on record with the Embassy approximately 5481 cases of persons who have expressed a desire to travel to the United States from the Soviet Union since 1940. Of this number, 3481 are applicants for immigration visas into the United States with no claim to American citizen-

² The numbers of the various cases were revised from time to time throughout the year on the basis of further investigations.

ship. Only 11 persons in this category have been successful in obtaining exit visas since July 1946. Of the 350 Soviet wives of American citizens who have applied for permission to depart from the U.S.S.R. not one has received an exit visa since August 1946. 97 of this group are wives of veterans.

In connection with the problem of obtaining exit visas for the Soviet fiancées of American citizens, it should be noted that a decree of the Soviet Government published on February 15, 1947 prohibits Soviet citizens from marrying foreigners.³

The Embassy has on record 500 cases of persons residing in the U.S.S.R. whose claims to American citizenship have been verified but who are dual nationals, i.e., they are regarded as Soviet citizens under Soviet law despite their status as American citizens. In addition to this number, there are approximately 1500 claimants to American citizenship in the Soviet Union who are probably dual nationals but whose claims to American citizenship have not been verified. Of the total of approximately 2000 cases of persons claiming American citizenship but who are believed to have dual nationality status, only 12 persons have received exit visas from the Soviet authorities since 1940.

Although the Embassy has always done everything within its power to facilitate the issuance of exit visas to persons wishing to proceed to the United States from the Soviet Union, its efforts in this regard, as demonstrated by the figures quoted in the preceding paragraph, have usually been unavailing. In view of these circumstances, therefore, the Embassy is unable to offer any assurances that Soviet exit visas will be issued to persons residing in the Soviet Union who are regarded by the Soviet authorities as having any claim whatsoever to Soviet citizenship.

³ See *Foreign Relations*, 1947, vol. iv, footnote 1, p. 722.

811.42700 (R)/2-1148 : Telegram

*The Ambassador in the Soviet Union (Smith) to the Secretary
of State*

CONFIDENTIAL

Moscow, February 11, 1948—4 p. m.

269. Rumored purge in Soviet musical world, reported in *Embtel* 170, January 30,¹ broke publicly in central press February 11. Front pages carry four-column text decree party central committee (CC) titled "Regarding opera 'The Great Friendship' by V. Muradeli"² and dated February 10. This opera was written response demand last

¹ Not printed.

² Vano Muradeli was a Georgian musical composer and playwright.

spring of Committee on Art Affairs for more contemporary "ideological" operas and had premiere at Bolshoi Theatre November 7 holiday.

Summary of decree: CC considers opera depraved and anti-artistic. Its faults lie in poor, inexpressive, confused and disharmonious and false, artificial libretto. Faults of opera result from fallacious, pernicious path which Muradeli has taken, and its failure is closely connected with "bad condition of contemporary Soviet music with prevalence among Soviet composers of formalistic trend."³

As early as 1936 decree in regard Shostakovich's⁴ "Lady Macbeth of Mtsensk" demands on Soviet composers were set forth. Despite that and later warnings such as decrees regarding Leningrad literary magazines and film *The Great Life*, there has been no improvement in Soviet music, of which symphonic and operatic particularly bad. Formalist, antipopular trend among Soviet composers finds worst expression in works Shostakovich, Prokofiev, Khachaturyan, Shebalin, Popov, and Myaskovski. This group calls classic music old-fashioned, has lost contact with popular taste and has debased high social role of music. Composers have forgotten how to write for people, as proved by fact no Soviet opera of recent times up to level Russian classic opera. Separation of musicians from people has reached point where composers have theory that people have not "grown up" to their music yet but will in a hundred years. Such views and tolerance of them harms our music. Depraved, formalist trend also has bad effect on development young composers in our conservatories, especially that of Moscow (Director Comrade Shebalin)⁵ where formalistic trend reigns and teachers follow Shostakovich and Prokofiev⁶ blindly. Musical criticism is also unbearable state. Leading place among critics is held by opponents of Russian realistic music and supporters of decadent music, who praise every work Prokofiev, Shostakovich, Myaskovski and Shebalin. Criticism has ceased to express opinion of Soviet society. All this means survivals bourgeois ideology and influence contemporary decadent western European and American music remain among some of our composers. CC considers bad condition

³ The Embassy reported in despatch No. 308 from Moscow on March 31, not printed, that the recent revelation of a previously unpublicized three day meeting in mid-January of the Central Committee of the Communist Party attended by high party dignitaries and "more than 70 composers and leading figures of the Russian music world" had preceded the issuance of the decree of February 10. It was here that Andrey Aleksandrovich Zhdanov, Politburo member and a leading Marxist theoretician and propaganda specialist, levelled his charges against Muradeli's opera and criticized the mistaken tendencies in modern Soviet music, which were so badly in need of correction. (811.42700 (R)/3-3148) The address has been printed in his book, *Essays on Literature, Philosophy, and Music*, (New York, International Publishers Company, 1950), pp. 76-96.

⁴ Dmitry Dmitriyevich Shostakovich.

⁵ Vissarion Yakovlevich Shebalin was director of the Moscow Conservatory of Music, 1942-1948.

⁶ Sergey Sergeyevich Prokofyev.

Soviet music result incorrect line Committee for Art Affairs and/or Committee Union Soviet artists. These committees and their directors, Khrapchenko⁷ and Khachaturyan,⁸ encouraged formalist trend alien to Soviet people. Soviet people expect new, high-quality works from their composers, CC decrees: (1) To condemn formalistic trend Soviet music as anti-popular and destructive. (2) To propose to administration of propaganda and agitation of CC to correct situation. (3) To call on Soviet composers to follow correct path. (4) To approve organizational measures aimed at improvement musical affairs.

This decree ranks in importance as fundamental ideological pronouncement with that of August 1946 on Leningrad literary magazines,⁹ and it will probably have an equally huge effect in its field. This not first attack of its kind on Soviet composers, it is incomparably most serious. Although whole movement is rumored to have origin in irritation of Politburo members with Muradeli's opera at November 7 presentation, it far transcends personal tastes and represents considered plan Soviet rulers to "purify" music as they have already purified literature, of all individual freedom and to put composers to work alongside writers, philosophers and scientists in assisting "development of socialist state". Terms of decree make clear composers contribution to this cause must be production of simple stereotyped music to which "the people" can beat time and which they will hum as they engage in socialist competition for higher production.

Effect of decree on Soviet musical world will, of course, be both basic and far-reaching. Khrapchenko has already been fired, and rumor has it at least Shebalin and Shostakovich have lost positions at Moscow Conservatory, center of USSR's musical life. Neither established, world-renowned oldsters or young Soviet composers will dare henceforth give rein to their originality or to conduct the experimentation necessary to keep an art living. In all probability Soviet music, only cultural field in which USSR has produced works of highest artistic level, will now follow Soviet painting and Soviet drama into stultification or hidebound unprogressiveness.¹⁰

⁷ Mikhail B. Khrapchenko was replaced by an order of Jan. 28 as Chairman of the Committee for Affairs of Arts under the Council of Ministers of the Soviet Union by Polikarp Ivanovich Lebedev.

⁸ Aram Ilyich Khachaturyan was Chairman of the Organizing Committee of the Union of Soviet Composers, but was reported as not being replaced at this time.

⁹ See telegram 3284, Moscow, Aug. 22, and telegram 3290, Moscow, Aug. 23, *Foreign Relations*, 1946, vol. vi, pp. 774 and 776, respectively.

¹⁰ From time to time the Embassy sent to the Department supplemental, interpretative comment on details of the developments on this important subject following the promulgation of the decree. In a lengthy despatch No. 224 from Moscow on February 26, not printed, the Embassy referred to "its considered opinion of this musical purge as a ridiculous and disgusting example of the Soviet

As suggested in reference telegram Embassy believes this development offers opportunity for effective counter propaganda. Suggest wide reporting of facts by VOUSA and background for American press with comment stressing absence of artistic and thought freedom in USSR and ridiculousness of party CC telling some of world's greatest living composers how to write music. Suggest tying in August 1946 decree on literature, September 1946 decree on film *Great Life*, this year's chastisements of Aleksandrov¹¹ and Varga,¹² and August 1947 reorganization of Art Academy. Omnipotent Politburo has now closed door of free intellectual expression in every medium of human endeavor.

Full text by pouch.

SMITH

Government's long-established policy of prostituting the intellectual integrity of its intelligentsia for purely political gain" and concluded with the evaluation that: "Complete justice in interpreting this musical decree also requires the admission that, as far as the Embassy can determine with its restricted contacts, the Soviet people and even Soviet intellectuals, are not overly unhappy at the chastisement meted out to their leading composers. Apparently a good many people do feel that modern Soviet music was too unmelodic and cacophonous, and possibly also that the small group of leaders too completely dominated the field." (811.42700 (R)/2-2648)

¹¹ Georgy Fedorovich Alexandrov was a prominent philosopher, who had been attacked for serious ideological distortions in his book, *History of Western European Philosophy*.

¹² Evgeny Samoylovich Varga was a leading economist whose viewpoints expressed in his book, *Changes in the Economy of Capitalism as a Result of the Second World War*, were being disputed for their serious errors.

702.6111/2-1348

Memorandum of Conversation by Mr. William A. Crawford, Member of the Division of Eastern European Affairs

[WASHINGTON,] February 13, 1948.

Participants: Mr. Ivan S[avvich] Naumenko, Attaché, Soviet Embassy
Mr. Crawford—EE

Mr. Naumenko phoned today to inquire if the Soviet Embassy might expect the release from the New York Customs of 19 pieces of baggage containing chancery supplies consigned to the Soviet Consulate General and mentioned in the Embassy's note No. 11 of January 19.

I informed Mr. Naumenko that the same considerations obtain with regard to the release of these supplies as in the case of the 40 pieces also held in New York Customs concerning which he had made several earlier inquiries. I said that so long as the Soviet Government fails

to resolve favorably the question of the large amount of American Embassy supplies which it now holds in Moscow Customs, there is little likelihood that the Soviet consignments will be released.¹ Mr. Nau-
menko said that he would report this information to his government.

WILLIAM A. CRAWFORD

¹ A similar request was made on March 12 by the First Secretary of the Soviet Union, Boris Mikhailovich Krotov, to Valdemar N. L. Johnson, country specialist in the Division of Eastern European Affairs, and a similar answer was given.

861.111/2-1448

*The Ambassador in the Soviet Union (Smith) to the Secretary
of State*

RESTRICTED
No. 198

Moscow, February 14, 1948.

The Ambassador has the honor, with reference to previous communications in regard to the issuance of Soviet exit visas to the Soviet wives of American citizens, to enclose a copy of the Embassy's note no. C-112 of February 14, 1948 to the Ministry of Foreign Affairs of the USSR¹ requesting information concerning the effect which certain changes in the Soviet citizenship laws, as proposed by the Secretary of the Presidium of the Supreme Soviet in a recent speech, would have upon the status of the Soviet wives of American citizens.

The Embassy's note on this subject was prompted by the report of the Secretary of the Presidium of the Supreme Soviet of the USSR, Deputy A. F. Gorkin, as published in *Pravda* February 5, 1948, regarding the confirmation of the decrees of the Presidium of the Supreme Soviet. Mr. Gorkin made the following statement in this connection: "The Presidium further proposes for confirmation of the Supreme Soviet of the USSR the Decree of February 15, 1947 'Concerning the Prohibition of Marriages between Citizens of the USSR and Foreigners.' In connection with the publication of this decree, it is necessary to regard as invalid Article 5 of the Law, 'Concerning Citizenship of the Union of Soviet Socialist Republics.' In this article it states that the marriage of a citizen or citizeness of the USSR to a person not possessing citizenship of the USSR does not entail any change in citizenship."

Information bulletins published in *Pravda* on February 5, 1948 reported the ratification on February 4 by the two chambers of the Supreme Soviet of the decree of the Presidium concerning the prohibition of marriages between citizens of the USSR and foreigners.

In connection with Mr. Gorkin's statement concerning Article 5 of the Act concerning citizenship of the USSR, the pertinent portion of

¹ Not printed.

this law, which was adopted by the Supreme Soviet on August 19, 1938,² is as follows: "Article 5. The marriage of a citizen of the USSR, male or female, to a person not a citizen of the USSR, does not entail any change in citizenship."

It is probable that the proposal to invalidate Article 5 of the citizenship law represents an effort on the part of the legislative organs to make the present citizenship regulations consistent with the provisions of the decree of February 15, 1947 which prohibits the marriage of Soviet citizens to foreigners, and it is believed highly unlikely that the deletion of Article 5 will operate, in fact, to deprive the Soviet wives of American citizens of their Soviet citizenship. The possibility cannot be disregarded, however, that invalidation of this section of the citizenship laws may be designed to make it feasible for the Soviet Government to retire gracefully from its former uncompromising stand with regard to the question of granting permission to Soviet wives of foreigners to depart from the USSR.³ The very fact that Article 5 was singled out for particular mention in the report of the Secretary of the Presidium and was published in *Pravda* may be regarded as lending some credence to the latter point of view, since minor legislative matters of this type are usually handled in the Soviet Union with no publicity whatsoever.

It is understood that the British Embassy contemplates approaching the Ministry of Foreign Affairs along the same lines as the Embassy's note No. C-112 of February 14, 1948, although officials of the British Embassy are not sanguine with regard to the possibility of a favorable outcome as a result of such action.

² For additional information on the nature of this law, see *Foreign Relations*, 1940, vol. I, p. 438.

³ The Embassy in its note expressed the hope that the invalidation of paragraph 5 would operate "to make such individuals stateless persons under Soviet law," and further that "the competent Soviet authorities will find it possible to grant the requests for exit visas made by the Soviet wives of American citizens in order that they may be reunited with their husbands in the United States", which was regarded by the government of the United States as a matter of importance.

811.2361/1-848 : Telegram

The Secretary of State to the Embassy in the Soviet Union

RESTRICTED

WASHINGTON, February 18, 1948—2 p. m.

207. Reply along following lines Fonoff note alleging violation Big Diomedé (urtel 40 Jan 8).¹

¹ Not printed. This telegram relayed the text of note No. 5 from the Ministry of Foreign Affairs dated January 5 which protested against the violation of territory by an American four-motored aeroplane, which was said to have flown over the Soviet island of Big Diomedé, penetrating inland to a distance of two miles (811.2361/1-848). The Embassy in the Soviet Union stated that it had made the reply here suggested in its note No. 88 dated February 19.

Careful inquiry reveals only possibility such violation Dec 25 was USAF aircraft on search mission for other aircraft reported missing. Whereas flight log discloses aircraft was cruising at 5000 ft over Little Diomedé at 0542 Greenwich Mean Time, there is no evidence it flew over Big Diomedé. US Govt convinced no violation Sov frontiers occurred.

MARSHALL

761.63/2-2048 : Telegram

The Ambassador in Poland (Griffis) to the Secretary of State

CONFIDENTIAL

WARSAW, February 20, 1948—6 p. m.

270. Weight of opinion here is reluctant to accept suggestion in Moscow's telegram 282 February 12¹ (repeated Warsaw as 8, Berlin 29, London 15) that Kremlin long-range planning envisages incorporation Poland into USSR "in not too remote future". Opinion that Soviet Russia intends remain east Germany of course brings up whole question of westward limits Soviet expansion in Europe, a question upon which Kremlin has perhaps not yet completely clarified its own thinking.²

Broad Russian strategy to date has been apparently to create *cordon sanitaire* against western Europe reversing process employed by western powers after 1918 against communism. Thus Moscow has (a) created convenient cushion to absorb shocks and reduce friction at point where two worlds impinge upon each other (b) increased number pro-Soviet votes in UN and international forums and (c) established bridgeheads in potentially enemy territory.

¹ Not printed. Ambassador Smith and other Embassy officers gave their considered views regarding the intentions of the Soviet Union in northeast Europe in consequence of the recent Polish-Soviet Union economic agreement. They believed: "First of all, it confirms our opinion that Kremlin has reached definite decision never to let go of east Germany. Importance which gives to status Poland is obvious and even Communist Polish Government pleasure at evidence Soviet continued interest in revitalization Silesian industry and maintenance Poland's western frontiers might be dampened by consideration deeper and more ominous implications of that continued interest. For if USSR intends remake and incorporate east Germany in Soviet system, then it must also have decided firmly to do same with regard Poland. We consequently believe that, far from being permitted to participate in any east European federation . . . Poland will be first target for development toward incorporation in USSR. Timing would depend on international developments, of course, but if east-west cleavage continues and deepens, absorption might well take place not too remote future." (660c.6131/2-1248)

² In telegram 2442 from Moscow on October 25, Ambassador Smith expressed the opinion that "Germany is far more important for both Western powers and Soviets than Poland, and struggle for power has not yet been decided there as it has in Poland. Soviets undoubtedly regard German-Polish frontier as their ace in hole which they hope to play out some day when considered of decisive importance for realization German objectives." (760c.6215/10-2548)

To incorporate satellite border states would be to sacrifice foregoing advantages and, confining our observations to Poland, would in addition tend to set up following disadvantages: (a) eliminate issue of Polish western boundaries by which USSR as guarantor these frontiers popularizes Poland-USSR alliance and helps remove sting loss east Poland; (b) catalyze latent forces Polish opposition, drive masses underground, disrupt economy and recovery which requires trade with west for capital goods which USSR unable supply; (c) greatly increase administrative burden in acquired territory.

Though USSR may be determined maintain hold on east Germany and integrate its economy with that of Silesia, development Silesian economic potential requires Polish labor and capital goods from west. Annexation Poland would seriously disturb productivity of labor and might interrupt process of obtaining necessary capital goods from west.

It generally acknowledged Poland is most indigestible and difficult problem to Moscow of satellite states; however Polish Government steadily evolving an approved Soviet pattern whose economy and policy well serves Kremlin purposes; Poles with admirable energy are building a stronger but not necessarily more independent satellite.

Sent Department 270, repeated Moscow 27, Berlin 75, London 42, Prague 13, Belgrade 24.

GRIFFIS

861.51/2-2748

Memorandum by Mr. James C. Corliss, Assistant Chief of the Division of Financial Affairs, to Mr. Frederick Livesey, Adviser in the Office of Financial and Development Policy

[WASHINGTON,] February 27, 1948.

Mr. Solmensen¹ of SEC called me this morning to say he had run down the information regarding the status of this fund,² which was mentioned by Carl Marks & Co. in a letter to Mr. Rogers³ suggesting that the Council assist in having this fund, now in the Treasury Department, distributed to holders of defaulted dollar bonds issued by the old Czarist Government and repudiated by the Soviet.

Solmensen said that he had talked with Greenberg,⁴ who handles

¹ Probably intended is Kurt A. Solmssen, Assistant Adviser on Foreign Investment, in the Securities and Exchange Commission.

² This was a fund held in a special account by the Department of the Treasury.

³ Letter dated New York, December 4, 1947, from Carl Marks & Company, foreign securities specialists, to Mr. James Grafton Rogers, president of the Foreign Bondholders Protective Council, Inc., New York, N.Y.; not printed.

⁴ Joseph Greenberg, Assistant Commissioner, Bureau of Accounts, Department of the Treasury.

the fund in Treasury, and Greenberg said that the amount is about \$3,000,000, not \$7,500,000. It was not deposited by Russia, but represents collections made by the United States Government from American citizens, the collections being of claims against American citizens which Russia assigned, on behalf of herself and her nationals, to the United States Government at the time of the Litvinoff Agreement in 1933,⁵ in anticipation of a general financial settlement of outstanding issues at that time.⁶ The assignment was not conditional upon completion of a settlement agreement, in Greenberg's opinion, but on this point there is a difference of opinion between him and Mr. Yingling⁷ of LE (see below). One point seems clear, however: the funds were not allocated, assigned, pledged, or otherwise especially destined for payment of the bonds, but were to be part of the total amount which might finally be agreed upon to pay all claims of the United States Government and its citizens against Russia and her nationals.

Solmensen said he had also talked with Mr. English⁸ and Mr. Yingling, both of LE. They were in agreement with Greenberg's view on everything except the point whether the funds can be distributed before completion of an agreement on all claims. Whereas Greenberg believes that Congress can distribute the funds now, LE believes that it cannot until an agreement for settlement of all claims between the two Governments is reached.

So far as the Russian Bondholders Committee is concerned, there seems to be no basis for their position that the funds belong to bondholders exclusively.

⁵ For this assignment made on November 16, 1933, by the People's Commissar for Foreign Affairs, Maxim Maximovich Litvinov, at the time of recognition of the Soviet Union by the United States, see *Foreign Relations, The Soviet Union, 1933-1939*, p. 35.

⁶ For documentation on negotiations to reach a settlement in regard to claims, credits, and other matters, and their failure, see *ibid.*, pp. 63 ff., and pp. 166 ff.

⁷ Raymund Thomas Yingling, Assistant Legal Adviser for military affairs and occupied areas.

⁸ Benedict Michael English, Assistant Legal Adviser for international claims.

861.00b/3-448

*The Ambassador in the Soviet Union (Smith) to the Secretary
of State*

[Extract]

RESTRICTED
No. 240

Moscow, March 4, 1948.

The Ambassador has the honor to report that the Soviet press currently devotes considerable attention to the internal affairs of the

Communist Party and, in particular, to two themes which have been stressed with varying intensity ever since the end of the war.

The first of these states that Party members must get out of the everyday operations of the Soviet system, both economy and government, and return to the classic plan of Party control by supervision from outside. This doctrine is succinctly expressed in the following quotation from the lead editorial of *Pravda's* February 13 issue:

"All Party leaders still have not understood that it was necessary after the end of the war to change the methods of wartime, when Party organizations, by force of circumstances, frequently took upon themselves the operating direction of the economy. They have not understood that these methods, applied under the conditions of the postwar period, lead to negative phenomena—to the substitution (by Party members) for governmental and economic organs, to the neglect of internal Party work."

The present emphasis on this subject shows that Party members have not yet removed themselves from the operating field despite the prolonged drive which the Party rulers have made toward that end. Their failure to obtain results is probably due not only to the normal (and exceedingly great) inertia of Soviet bureaucracy but also to the Party members' reluctance to give up jobs which often carry valuable compensations and perquisites.

The second theme which Party propaganda currently stresses states that the Party must cease the rapid expansion which it undertook during the war years and concentrate instead on raising the level of "political education" of its membership. An article in the "Party Life" section of the January 15 *Pravda* expresses this doctrine concisely:

"The principal task is now not the forcing of further growth of the Party ranks, but a strengthening of ideals, a raising of the political level of Communists. In the end quality is more important than quantity."

As even its top leaders have admitted openly since the end of the war, the Party has too many and too poorly indoctrinated members in order to function efficiently as a selfless tool of Soviet dictatorship. This unsatisfactory (from the Stalinist viewpoint) situation arose from the Party's wartime policy of absorbing outstanding members of the armed forces and thus hedging against any loss of its authority to the latter. Since the end of the war the Party rulers have already made considerable efforts to correct this situation—to reduce the numbers and increase the quality of the Party membership by weeding out undesirables and by a vigorous campaign of political indoctrination designed to impregnate the new members with a willing subservience

to authoritarian control and a thorough command of Marxist dialectical jargon. However, the present emphasis on this subject shows that these efforts have not yet been fully successful and that further pressure is being exerted in an attempt to solve the problem. In addition to press propaganda, the Party rulers are apparently making use of the current series of Party conferences (reference Embassy airgram No. A-220 of March 4 ¹) to drum into the Party rank and file the policy that "quality is more important than quantity."

Some of the criticism of the Party's own propaganda machine's faults in handling this subject illustrates how hard it is for the lower levels of the authoritarian and rigidly organized Party system to absorb a sudden shift of emphasis. Under the pressure of war losses and its own inefficiency, the Soviet dictatorship has long indoctrinated the Party membership with the necessity to concentrate on economic progress, but now the leaders criticize because the Party membership has learned too well its economic lessons, but in so doing has neglected ideology. The following quotation from *Pravda* offers a good example of this theme:

"Many orators speaking at the (Ashkhabad *oblast* Party) conference also preferred to speak of economic successes; they did not find time for the criticism of deficiencies in the organiaztional-Party and ideological work."

The whole picture of these difficulties and criticisms makes it clear that the Party has not yet mastered the problems which the war created within its ranks, as well as in the USSR as a whole. However, in the long run, the Embassy believes that there is no reason to anticipate that the Soviet dictator will be any less successful in overcoming the present difficulties within the Party than he has been in earlier and more serious crises.

¹ Not printed.

761.00/3-648 : Telegram

*The Ambassador in the Soviet Union (Smith) to the Secretary
of State*

SECRET

Moscow, March 6, 1948—2 p. m.

425. At risk of whipping what should be dead horse, believe it essential explode myth two schools of thought in Politburo, conciliatory one headed by Stalin ¹ and tough one by Molotov as reported Budapest's 330, March 3 to Department.²

¹ Iosif Vissarionovich Stalin, Marshal and Generalissimo, Chairman of the Council of Ministers of the Soviet Union.

² Not printed.

This one of oldest gags on Soviet confusion-propaganda circuit. This Soviet version Bergen-McCarthy act³ has been used for years as come-on game to confuse gullible statesmen being taken into camp. Tough "McCarthy" Molotov makes exaggerated demands which kind, pipe-smoking "Bergen" Stalin whittles down into so-called concessions which temporarily relieve anxiety of foreign statesman until he wakes up to reality of tough bargain he has been forced to accept.

Alleged dissension in backfield of Soviet football team causes opponents to relax vigilance and come to their senses only after Stalin has called for the old Statue of Liberty play which Molotov executes for a touchdown.

Even cursory study Soviet history will show that despite Stalin's soft spoken words to interviewers about the desire for cooperation, the "tough policy" always comes to the fore in the end despite any tactical zig-zags on way to goal. Does anyone think this is over Stalin's opposition?

Department please pass Budapest 13.

SMITH

³ A well known ventriloquist act on radio by Mr. Edgar Bergen, and his wooden dummy named Charlie McCarthy.

124.616/1-3148 : Telegram

The Secretary of State to the Embassy in the Soviet Union

SECRET

WASHINGTON, March 11, 1948—8 p. m.

271. Dept approves in principle reorganization proposals Embdesp 134, Jan 31 and personnel changes recommended Embdesp 135 same date but may have some suggestions re details.¹ Dept prepared attempt persuade Army accept proposed curtailment MA staff.

Dept assumes you will exploit to full any bargaining value staff reductions may have in your negotiations with Sov authorities to obtain better treatment. Pursuant Deptel 22, Jan 8 Dept would prefer postpone final decision staff reductions pending outcome final representations to Molotov for additional housing and more considerate customs treatment. If these representations fruitless application strict reciprocity Sov representation here would follow. This procedure would permit second opportunity approach SovGov when staff reductions finally determined in another attempt elicit concessions before further reduction Sov representation here on reciprocal basis.

MARSHALL

¹ Neither despatch printed.

124.616/3-1348: Telegram

The Ambassador in the Soviet Union (Smith) to the Secretary of State

SECRET

Moscow, March 13, 1948—2 p. m.

478. Before I discuss question with Molotov, which expect to do early next week, wish to be sure my understanding coincides with that of Department as I am *kmsucu* [not?] clear after Deptel 271, March 11. Therefore, request specific clarification on following:

(a) Does Department realize fully that unless additional houses can be obtained for clerical staff (a most unlikely prospect) we cannot continue maintain present actual strength, and that one of major considerations reorganization proposals Embdesp 134, January 31,¹ is to give minimum satisfactory living quarters to each clerk.

(b) Is it understood that even if additional satisfactory housing can be obtained, it is still impossible to maintain our present strength unless we can also obtain a very large increase in our customs exemption quota or, failing this, unless Department is prepared to pay enormous duty charges and to give our junior personnel a further large increase in living allowances.

(c) Is it fully realized that in event diplomatic ruble exchange rate is eliminated cost of maintaining present actual or authorized strength will be extravagant and difficult to justify, particularly since believe this strength is unnecessary for effective operations under principle outlined Embdesp 134.

(d) In event Department unable "persuade" Army to accept proposed curtailment MA staff, is Department prepared to support my own refusal to accept more Army officers than specified Embdesp 134 on basis inability to house and care for them.

Unless these questions are settled one way or another within a matter of days, forward planning housing will become impossible and assignment replacements must be entirely and promptly reconsidered. Please advise earliest.²

SMITH

¹ Not printed.

² The Department declared in reply in telegram 282 on March 15 that it "fully understands drastic personnel reorganization [of the] Emb[assy] will be necessary unless additional housing and customs concessions obtained"; that it would "meet increased cost in event elimination dip[omatic] exchange rate to extent necessary for effective operations under principle [of] streamlining" under point (c); and that the Army "has accepted proposed curtailment MA staff", although official confirmation was still being sought. (124.616/3-1348)

861.002/3-1748

*The Ambassador in the Soviet Union (Smith) to the Secretary
of State*

[Extract]

CONFIDENTIAL

Moscow, March 17, 1948.

No. 271

SIR: I have the honor to report that rumors of Stalin's ill health and even imminent death have been gradually increasing, in the long-term view, during the past three years. Despite these rumors, or perhaps because of them, Stalin has continued to make infrequent but regular public appearances, during which he always gives the impression of reasonably good health. The most recent of these appearances took place on February 23, Soviet Armed Forces Day, on which occasion I saw him personally, and thought that he look about as well as he did during the Moscow Conference. . . .

The most recent and probably the most credible report regarding Stalin's ill health which has reached the Embassy purports to cover the subject in some detail. This account, which I am inclined to think is fairly accurate but cannot of course authenticate, runs as follows:

Stalin has had two slight strokes since 1945, the first one having occurred not long before Ambassador Harriman saw him at his Black Sea home late in 1945, and the second one having occurred in 1947. As is natural for a man who has already had two strokes, his health remains poor and there is a doctor in attendance on him at all times. His left arm is almost completely paralyzed. He does not eat with anything like his former great gusto, and he must be careful of his blood pressure at all times. Nevertheless, his mind appears to have retained all its erstwhile clarity. Presumably to conserve his health, he now spends little time at the Kremlin, remaining mostly at his dacha. He has also abandoned his old habit of doing a great deal of work at night; in the Kremlin, at least, he now does very little work during the night hours. He has also delegated a larger amount of his work to others, although he still manages to supervise to a great extent. For example, he planned to make a speech on derationing and the monetary reform but felt so poorly when the moment arrived that he did not go through with it. His insistence on staying at the helm of state, on having reports brought directly to him, and on making all important decisions himself worries his physicians. Those around him express great concern over his health and feel that the Moscow climate is bad for him. They report he is planning to go south again this coming spring, a departure from his usual practice of spending only the autumn months on the Black Sea.

In addition to the relative reliability of the source, I am inclined to give some credit to the above story because it is comparatively restrained in tone and because it agrees in general with those bits and pieces of information on this subject which have come to the Embassy's knowledge. However, it is not to be expected that any man should be in full vigor after as many years of hard work and extreme tension as Stalin has had, and there is no reason to assume that he will not live for a number of years, or that during the remainder of his life he will not retain sufficient strength to hold the reins of power. It would be a serious mistake to base any policies touching the USSR on the assumption of Stalin's imminently approaching death and a consequent derangement of the Soviet governmental machine.¹

Respectfully yours,

W. B. SMITH

¹ An attached slip dated May 5, 1948, by George F. Kennan, the director of the Policy Planning Staff, for the Secretary of State reads: "I agree with Ambassador Smith's evaluation of this report on Stalin's health and feel that it warrants your attention." Secretary Marshall initialled the comment.

124.611/3-1848: Telegram

The Ambassador in the Soviet Union (Smith) to the Secretary of State

SECRET

Moscow, March 18, 1948—7 p. m.

499. Saw Molotov this afternoon. Began by stating that because of housing shortage which has been subject of discussion with Foreign Office for several years, this mission has been gradually decreasing in strength and now, as result application customs exemption quota, it apparent further drastic reductions will have to be made. Study to this effect already completed and approved in principle, but before cut is put into effect, on instructions of my government, I was approaching him in hope we might reach a quiet agreement which would enable each of us to maintain in the other country an adequate representation. On part of US this would consist of about 150 persons, and I assumed Soviet Union would want approximately its present representation in US less purchasing commission.¹ Then said if Molotov considered agreement possible, US would require another building with about thousand square meters floor space and six additional apartments and would require approximately hundred percent increase in our customs exemption quota, with full exemption for official supplies, replacement parts, etc., and application of minimum rather than maxi-

¹ On the establishment of The Government Purchasing Commission of the Soviet Union in the United States, see *Foreign Relations*, 1942, vol. III, p. 696, and footnote 72. By 1948 its activities and personnel were diminishing.

imum duty charges against quota items insofar as this was practicable under Soviet law. On its part, US is of course prepared to continue most favored nation treatment which has heretofore been accorded representation of Soviet Union in US. Molotov replied he saw no reason why we should not reach some agreement. He said Soviet Government already considering customs matter as result our former representations and while law could not be changed nor could discriminatory rules be applied, it was recognized that some missions had larger functions than others and consequently required more personnel. There also was considerable elasticity in customs regulations which might well permit application of lower tariffs. He appreciated housing difficulties of mission and hoped we would also appreciate housing shortage in Moscow. He was not at the moment familiar with situation but if I would give him memo of our requirements² it would receive prompt consideration and earliest possible decision. I asked specifically when such decision could be expected, stating it was important because of personnel questions which must be decided in relatively short time. He replied he was unable give exact date, but would guarantee it would be expedited and I would be notified immediately when decision was reached. My estimate is we will get a considerable increase in customs quota exemptions, minimum tariff on number of items and some additional quota free items. We will probably get the promise of the additional housing space we require and may gradually obtain it if we keep pressing. All this will take some time and of course the rents will be extremely high. In fact, I am sure all our rents will go up on July 1, and that by time we obtain space we need, including Leningrad Consulate,³ cost of Moscow mission will have assumed astronomical proportions, and I am glad I will not have to defend this before Congress and Budget Bureau. He was unusually pale and looked more tired than I have ever seen him. My guess is President's speech⁴ has been subject of an all night session in Politburo.⁵ While not cordial, he was very polite and showed not the slightest sign of irritation or hostility. Assume in view of above we maintain *status quo* until we receive formal reply from Foreign Office.

SMITH

² Ambassador Smith sent a letter on March 20 to Molotov confirming their conversation of March 18, a copy of which was forwarded to the Department in despatch No. 281 from Moscow on March 22; not printed.

³ On the withdrawal by the Soviet government of its permission for the opening of a United States Consulate General at Leningrad, see the note No. 156 dated August 24, from the Ambassador of the Soviet Union, Alexander Semenovitch Panyushkin, p. 1049.

⁴ An address by President Truman was delivered on March 17, 1948 to the Congress on the subject "Toward Securing the Peace and Preventing War." For text, see Department of State *Bulletin*, March 28, 1948, pp. 418-420.

⁵ The Political Bureau of the Central Committee of the Communist Party.

761.00/3-2248 : Telegram

The Ambassador in the Soviet Union (Smith) to the Secretary of State

SECRET

Moscow, March 22, 1948—2 p. m.

520. It is possible and I have heard rumors which tend to confirm that Stalin may dust off one of many inquiries which correspondents are continually sending him and make reply, emphasizing as in past "peaceful intentions Soviet Union and its basic policy of not interfering in internal affairs of other countries" etc., in contrast to imperialistic policies US, UK and France. This gambit, such as replies to Gilmore,¹ Wirth,² Stassen,³ etc.,⁴ or merely strong unsolicited statement by Stalin has worked very well in past to confuse issue, cause many innocent people abroad, particularly newspaper editors, to believe Stalin is crying "Uncle" and Soviets are changing their basic policies.

Experience has shown that when such statement is made, it is imperative to remain even firmer rather than to drop one's guard in mistaken belief such statements have real substances.

In order prevent new propaganda move of this character from beclouding realities of present situation, I strongly recommend Department immediately prepare for release at press conference or by spokesman, as background, statement which would be published at same time as any future Stalin statement, reminding world of previous statements made by Stalin and other high Soviet officials and their failure to produce any basic changes in Soviet tactics or strategy. We should, of course, welcome any friendly statement made by Stalin, but warn that actions speak louder than words and that, while we hope his protestations may represent real substance, we must await their concrete implementation before giving any credence to them whatsoever.

SMITH

¹ Eddy Lanier King Gilmore, the representative of the Associated Press in Moscow, had submitted three questions on March 19, 1946, which Stalin answered on March 22. See telegram 920 from Moscow on March 23, *Foreign Relations*, 1946, vol. vi, p. 725.

² Alexander Werth, British newspaper correspondent in Moscow, had submitted nine questions on September 17, 1946, which were answered by Stalin on September 23. See telegram 3562 from Moscow on September 24, and telegram 3572 from Moscow on September 25, *ibid.*, p. 784, and p. 786.

³ Concerning an interview between the American politician Harold Stassen and Stalin on April 9, 1947, see telegram 1343 from Moscow on April 14, *ibid.*, 1947, vol. iv, p. 552.

⁴ Stalin also had been engaged in a lengthy question and answer exchange with Hugh Baillie, President of the United Press, which was published in the *New York Times*, October 29, 1946, p. 1. See telegram 4016 from Moscow on October 30, *Foreign Relations*, 1946, vol. vi, p. 794, and the editorial note, p. 793.

Editorial Note

For a reference to an estimate of Soviet intentions by the American Embassy in Moscow, April 1, see *The Forrestal Diaries*, edited by Walter Millis (New York, The Viking Press, 1951), page 409. For related documentation see the compilation on United States National Security Policy in volume I.

501.BB Palestine/4-1248

Draft Memorandum by the Director of the Office of European Affairs (Hickerson) to the Under Secretary of State (Lovett)

[WASHINGTON,] April 12, 1948.

If the question of a UN security force in Palestine arises at the forthcoming special session of the General Assembly,¹ a proposal for the participation of a Soviet contingent may be expected. The problem is to set forth the reasons, which the U.S. delegate may make available in his discretion for the confidential background information of certain foreign delegates, for our firm opposition to such a proposal.

The Soviet Union has pursued a consistent policy of conducting military occupation upon a zonal basis under the exclusive command of its own military authorities. Under such conditions of absolute military control, it has been in a position to accomplish independently and with a minimum of foreign interference its political aim of fashioning the controlled area in the image of a Communist state. It has never agreed to any form of military occupation whereunder its absolute control would be questioned, since such an infringement upon its independence of action would prejudice the successful execution of its political design. This was forcefully illustrated at Potsdam, when Stalin categorically refused to agree to any participation of Soviet troops in an Allied occupation of Japan under a foreign commander. He insisted that under no circumstances would Soviet troops take part in such an occupation except under a Soviet command and within their own military zone. The adamant stand of the Soviet Union on this issue was a determining factor in precluding its participation in the Japanese occupation. In the light of its stubborn insistence then upon its own zonal command, when an acceptance of the Allied position would have nevertheless offered many positive advantages, it appears highly improbable that the Soviet Union would agree to participate in a security force in Palestine under any other conditions.

¹ The special session of the General Assembly met in New York between April 16 and May 14, 1948.

It has been demonstrated what political consequences would result from Soviet participation on these terms. On the evidence of the record, the participation of Soviet troops in a security force in Palestine would be manifestly unacceptable.

The record of Soviet military occupation is clear. Soviet military occupation of Latvia, Lithuania and Estonia in 1940 led to the forcible incorporation of these countries into the Soviet Union. It has given Moscow complete control of the administration of the Soviet zones in Germany, Austria and Korea. In addition, it has proved a determining factor in establishing Communist-controlled governments in Poland, Hungary, Rumania and Bulgaria and in influencing their immediate neighbors to create governments of a similar political complexion. Wherever Soviet military occupation has occurred, it has consistently been accompanied by the political reorganization along Communist lines of the Soviet occupied zone. It is therefore axiomatic that if a Soviet contingent were permitted to participate in a UN security force in Palestine, the same pattern of Communist control might be expected to emerge within the area occupied by Soviet troops.

Communist tactics in countries subjected to Soviet military occupation have followed a familiar and clearly defined pattern. During the period of occupation, coalition governments containing representatives of so-called democratic and anti-fascist parties were established with the key posts of Minister of the Interior, Minister of Propaganda and Minister of Education invariably held by Communists. Sooner or later the leaders of the non-Communist parties participating in the coalition were forced to accept and support the Communist program or, if they opposed it, were smeared and were convicted of treason in disloyalty trials or forced to flee the country. Communist domination of such governments has been given a semblance of legality by the holding of elections in which, by the use of various forms of pressure and fraudulent practices, the Communist parties succeeded in polling a much larger vote than they would have attained in a fair election. Thus firmly entrenched in the seat of authority, they have proceeded to the final phase in the struggle for power, the liquidation of whatever opposition remained and the establishment of a single party dictatorship subservient to the dictates of Moscow.

The example of the Baltic states provides a concrete illustration of the political consequences of Soviet military occupation. Mr. Molotov, then Chairman of the Council of People's Commissars, had stated as late as October 31, 1939: "We declare that all nonsense about Sovietizing the Baltic countries is only to the interest of our common enemies." Nonetheless, and despite the existence of non-aggression pacts with those countries, they were overrun the next year by the Red Army.

Political parties and organizations were immediately outlawed, and a Communist Party was established. All individuals suspected of opposing the Communist regime were arrested or exiled. Elections were ordered, and a single election list was drawn up, the only persons eligible for candidacy being those appointed by the Communist-operated Working Peoples Union. After the elections, the Soviet military authorities announced that the vote in Lithuania had been 99.19% pro-Soviet. Similar results were obtained in Latvia and Estonia. The new assemblies met and petitioned for incorporation of the three states into the USSR.

A more recent example of the political consequences of Soviet military occupation is that offered by the Soviet Military Administration in Germany, which has conducted within its zone a similar unilateral policy with respect to political activity. The Potsdam Agreement had envisaged that local self-government would be established throughout Germany on democratic principles. In practice the Soviet Military Administration, through its pervasive intervention in all aspects of German public life, has subverted democratic forms and set the pattern for a totalitarian state. The Socialist Party was suppressed by the imposed amalgamation with the Communist Party into the Socialist Unity Party, which has become essentially a "state party" and the principal German instrument of Soviet military control. Numerous front organizations representing labor, youth, peasant and women's associations have been created as expressions of "mass" or "new type" democratic action and are effective auxiliaries to the Socialist Unity Party. Through arbitrary interference by the Soviet Military Administration, relying upon the influence of the Socialist Unity Party at all levels and the strong arm of a centrally controlled police, what opposition remains has been systematically muzzled and terrorized.

The political pattern which has consistently resulted from Soviet military occupation has been repeated with monotonous similarity in North Korea. In December 1945 the Foreign Ministers of the United States, United Kingdom and the USSR met at Moscow and reached an agreement to set up in Korea a Joint US-USSR Commission to work out the details of the formation of a Provisional Korean Democratic Government in consultation with Korean democratic parties and social organizations. Meanwhile in August Soviet military occupation had been carried out in North Korea. In accordance with Soviet practice, Moscow-trained Koreans who accompanied the Soviet troops into that area were placed in key positions. As in eastern Germany, this phase was promptly followed by the introduction of a "land reform," calculated to win the friendship and good will of the peasantry. An intensive "educational" campaign was simultaneously maintained by

the Soviet military propaganda machine, extolling the Communist way of life and discrediting the United States occupation and individual political leaders in South Korea. As a result of the efficacy of this campaign, the ironclad censorship of the Soviet-controlled press and radio, and the imminent threat of repressive measures, the average Korean soon had no alternative but to submit to the influence of Communist propaganda and pressure or to flee the area. The Soviet military authorities trained the police in Communist methods and showered them with special privileges. Their number was increased to the point where the country was soon transformed into a "police state," with a police system modelled upon the notorious MGB. Leaders of the intelligentsia who had not joined the "state party," the North Korea Labor Party, were either intimidated or arrested. Again the pattern was set for a totalitarian state.

In Bulgaria, Hungary, and Rumania the methods employed during Soviet military occupation have been approximately the same as in the Baltic states and the Soviet zones of Germany and Korea, and the political consequences have been similar. The Armistice agreements concluded for each of the countries provided for Allied Control Commissions, composed of U.S., British and Soviet representatives, to supervise the execution of the Armistice terms. But as the Commissions were under Soviet chairmen, as only Soviet troops were used as occupation forces, and as Communists secured control of the key positions in the post-war governments, American and British efforts served merely to delay the process of complete Sovietization of the three countries. In general, the implied threat, rather than the use, of the force represented by the Soviet occupation troops was sufficient to obtain compliance with Soviet desires. The establishment of Communist-controlled governments has been possible only where Soviet military forces have been in a position to lend prompt and compelling support to the pressure tactics of local Communist parties.

124.616/4-1248 : Telegram

*The Ambassador in the Soviet Union (Smith) to the Secretary
of State*

RESTRICTED

Moscow, April 12, 1948—5 p. m.

667. Have received letter dated April 10 signed Vyshinski in reply my note March 20 to Molotov (Embassy's despatch 281, March 22¹) stating:

1. Soviet Govt cannot discuss size Embassy official staff as this falls within competence US Government.

¹ Not printed ; but see telegram 499 from Moscow on March 18, p. 823, footnote 2.

2. Matter additional premises has been referred Burobin² which "will doubtless give necessary attention".

3. Customs questions now under study and Embassy will be informed decisions.

Regard this as essentially negative response, especially on premises, though there may be some accommodation on customs applicable to British Embassy as well as us. Shall explore with Burobin and endeavor expedite definitive reply.

SMITH

² Central Bureau for Services to Foreigners in Moscow.

123 Smith, Walter Bedell: Telegram

The Ambassador in the Soviet Union (Smith) to the Secretary of State

TOP SECRET

Moscow, April 14, 1948—11 a. m.

683. For Acting Secretary Lovett's eyes only from Smith. I believe references in *Time* and *Newsweek* March 29, quoted many European papers, to my telegram 394, March 1 which refers to US rearmament "as only language Russians understand"¹ has to large extent ended my usefulness here on such matters as protection, citizenship, exit visas, customs, etc, which really represent major part of work mission and in which standing of chief of mission may have some effect.

Russian characteristic is to show resentment by *intransigence* and hostility and this reaction already indicated by abrupt and peremptory replies received during last few days on matters where, in previous discussion, Molotov and Vyshinski indicated comparatively conciliatory attitude.

Under circumstances and from local viewpoint I believe serious consideration should be given to withdrawing me from Moscow at earliest practicable opportunity consistent with other facts,² one of which is importance of having chief of mission with rank of Ambassador for reasons given in my personal letter of March 9 to Secretary Marshall,³ and because, I really believe that the Kremlin will take

¹ The entire telegram is printed, *ante*, p. 766.

² Acting Secretary of State Robert A. Lovett replied to the Ambassador in telegram 408 on the next day and urged him to "remain on in accordance with present plans because we must have the benefit of your wise advice in this critical period." The Acting Secretary explained that the references in *Time* and *Newsweek* "were based on an off-the-record speech which Secretary Marshall made last month to Overseas Writers Club here and correspondents got mixed up as to what was on and off the record. We here very much doubt whether recent increased boorish attitude can be attributed to this episode as it is going on at every point of contact with Russians." (123 Smith, Walter Bedell)

³ Ambassador Smith had written in this letter to Secretary Marshall in consideration of prospective retirement his reasons why there should be someone with the rank of ambassador in the Soviet Union, and what some of an ambassador's qualifications should be.

an increasingly tough line during next few months. This may be important enough to require my carrying on long enough to reduce to short interval period between my departure and arrival my successor. However, I am sure Russian reaction indicated in second paragraph will continue and increase as long as I remain here, and there is always a short honeymoon for a new Ambassador during which something may be accomplished. Sure you and General Marshall will realize this recommendation completely objective.⁴

SMITH

⁴In his answer to the request that he should stay on in Moscow, Ambassador Smith stated in his telegram 705 of April 16, not printed: "While sure I am right on change in local Soviet attitude and believe that in such matters estimate of man on spot is better than that of experts at a distance, have no strong feelings in the matter and gave you my opinion so you could weigh local situation against overall picture." (123 Smith, Walter Bedell) In the end, after some further correspondence, he remained as ambassador in the Soviet Union.

On December 17, in a letter to Secretary Marshall, Ambassador Smith enclosed a letter for President Truman wherein he submitted his resignation as ambassador at the President's convenience. Ambassador Smith left Moscow on the morning of December 25, 1948. President Truman accepted his resignation on March 25, 1949; see Department of State *Bulletin*, April 10, 1949, p. 467.

861.51/4-1448

*Memorandum by the Director of the Office of European Affairs
(Hickerson)*¹

SECRET

[WASHINGTON,] April 14, 1948.

FC has received information to the effect that on April 12 the Amtorg Trading Corporation of New York, which is the official purchasing agent of the Soviet Government in the United States, informed the Federal Reserve Bank of New York that it had received instructions from the State Bank of the USSR in Moscow to withdraw 42 kegs of gold bullion valued at \$4,491,000 which were being held by the Federal Reserve Bank of New York for Soviet account for resale. Direct telegraphic confirmation of these instructions was received by the Federal Reserve Bank of New York from the State Bank of the USSR. The bullion was delivered alongside the Soviet vessel *Volga* on the same afternoon, was personally loaded by the crew, and the vessel sailed for Leningrad at 6 p. m. on April 12.

It is understood that this shipment represents all known Soviet gold holdings in the United States.²

¹This memorandum was routed to the Counselor of the Department of State, Charles E. Bohlen, and to the Under Secretary of State, Robert A. Lovett.

²The Embassy in the Soviet Union was told of this shipment of gold in telegram 433 on April 21; not printed.

FC has also received reports to the effect that records believed to come from Amtorg have recently been burned on the Pratt estate on Long Island. Additional Amtorg files have been crated and shipped back to the Soviet Union.

These activities are believed to presage a drastic reduction or perhaps complete termination of Amtorg operations in the United States. This step was probably motivated by the new export control measures which are effectively limiting exports from the United States to the Soviet Union.

J[OHN] D. H[ICKERSON]

701.6111/1-2348 : Telegram

The Acting Secretary of State to the Embassy in the Soviet Union

RESTRICTED

WASHINGTON, April 20, 1948—2 p. m.

430. Sov Emb has presented note ¹ protesting our detention subject payment duty nineteen cases foodstuffs mentioned Deptel 89, Jan. 23. After terming Department's action discriminatory, note states:

"With regard Emb USA Moscow, customs authorities of Sov Union not only have not applied any discriminatory measures but on contrary have repeatedly permitted exceptions to customs regulations, leaving Emb of USA in more favorable position by comparison with other dip representatives. Emb of USA in USSR has received beyond limit of waived duties furniture, rugs, curtains, various sanitary equipment and Emb has also been permitted importation furniture beyond limit waived duties both for first installation of Amb Smith and for replacement furniture rented by Emb of USA in USSR from Burobin."

In light this protest Department would appreciate early reply Deptel 393, April 10.²

Soviets recently re-exported forty cases furniture and office supplies which we held New York customs since December (Deptel 2050, Dec. 22³).

LOVETT

¹ Note 81 dated April 15, 1948; not printed.

² Not printed.

³ Not printed. On the basis of information received from the American Embassy in Moscow in its telegram 746 on April 21, not printed, that it was believed to be advisable to release 19 cases of foodstuffs and 40 cases of liquor (701.6111/4-2148), by a note of April 26, not printed, the Soviet Embassy in Washington was advised that "the Department has requested the appropriate Government agencies to take favorable action" on the requests made in the note No. 81 of April 15 by the Soviet Embassy. The hope was then expressed that "the problem of the American Embassy at Moscow with regard to the present Soviet customs restrictions on the importation into the Soviet Union of supplies for the use of the Embassy and its staff will meet with an early and satisfactory solution." (702.6111/4-1548)

811.42700 (R)/4-2048

*The Ambassador in the Soviet Union (Smith) to the Secretary
of State*

[Extracts]

CONFIDENTIAL

Moscow, April 20, 1948.

No. 364

The Ambassador refers to the cultural and informational program of the Department and has the honor to forward herewith a technical report and recommendations concerning the transmission of the Voice of America radio programs to the Soviet Union.¹ This report was prepared by Mr. Jean Seymour, radio engineer at Munich, following his temporary assignment to the Embassy from April 7 to 16 for the purpose of testing the signals relayed from Munich and making recommendations for their improvement.

As for political measures to counter the jamming of the programs, the Embassy believes it would be wise to postpone any action until the interference becomes obnoxious enough to seriously interfere with the intelligibility of the broadcasts. There is the possibility that the interference thus far heard is merely an experiment and that if it fails, for technical reasons, the Soviet authorities may abandon the attempt. In this event it would appear to be better to have ignored the initial jamming. If the present jamming continues for another month, or if it increases in effectiveness, then it is recommended that the fullest possible publicity be given to all the world including the Soviet Union. At that time it would be appropriate to broadcast to the USSR a statement along the lines suggested in the Department's telegram number 383 of April 7.²

¹ Report not printed. The Embassy in the Soviet Union and the Department of State became concerned in 1948 over the increasingly poor reception of the foreign language radio broadcasts of the Voice of America in the Far East regions of Siberia and in the parts of the Soviet Union nearer to Europe. Some of the trouble was believed to result from deliberate attempts at jamming. It was also believed that some radio stations in the Soviet Union were operating on frequencies too close to those used by the Voice of America, thereby causing interference in the reception of programs. The Embassy recommended the careful investigation of the difficulties, followed by all possible remedial measures to forestall a diminution of the audience listening to the broadcasts. The receptions were closely monitored by the Embassy. By early May the interference was found to be increasing, but still spotty: at times it was largely ineffective; at other times it was strong enough to spoil reception in whole or in part. The Embassy also reported on the growth of attacks against the operations and programs of the Voice of America in newspaper and periodical articles. The technical details, and the notes exchanged, on these vexations are generally to be found in documents in the files of the Department of State under 811.42700 (R) and 811.76.

² Not printed. The Department was considering making a special announcement over the Voice of America to inform its listeners that, because of deliberate attempts at jamming the broadcasts, they might have to search for the programs on different frequencies. The programs in the Russian language would not be curtailed. (811.42700 (R)/4-248)

Even if it were technically feasible to jam Soviet broadcasts (jamming those beamed to European countries would be most harmful to Russian interests), the Embassy does not believe it to be wise policy in view of the unfavorable effect it would have on world opinion regarding the unequivocal traditional American stand on freedom of information.

800.00B Communist International/4-2248: Telegram

The Ambassador in the Soviet Union (Smith) to the Secretary of State

SECRET

Moscow, April 22, 1948—7 p. m.

752. Lull in Soviet press political comment past two weeks indicate Soviet propaganda machine possibly in process shift of gears. Information from Paris re new Moscow directive to Central Committee French CP calling for non-violent line in West Europe and increased activity Germany and Near East in order prevent construction powerful US war machine may indicate direction and purpose this impending shift (Embdes 315, April 1), and apparently supported by Togliatti's¹ statement on Italian elections.

If correct, this new application of classical Leninist tactical retreat seems first substantial concrete result our firm policy during past year, and our success, if confirmed, will bring with it the added danger that Congress and public may be lulled into erroneous belief that battle is won and we can relax and reap the fruits of victory. Unnecessary to remind Department that if Kremlin temporarily assumes defensive, it is more important than ever to follow through vigorously by building up our own strength since only if kept off balance can Soviets be forced into further retreat. But, it is vital that the public be constantly reminded.

Hence while pushing ahead vigorously on present line of *action*, we should at same time expose Soviet tactics by reminding public of many previous examples of Soviet deceptive soothing maneuvers which caused Soviet adversaries to be less vigilant and permitted Kremlin to regroup its forces for further aggression. We might well be guided by Stalin's own advice (to CC of CPSU in 1929): "It is not for nothing that the proverb says 'an obliging bear is more dangerous than an enemy.'"

Sent Department 752. Department pass Paris 105; Rome 27; London 48; Belgrade 22.

SMITH

¹ Palmiro Togliatti, leader of the Communist Party in Italy.

711.61/4-2448: Telegram

*The Acting Secretary of State to the Embassy in the Soviet Union*¹

TOP SECRET

WASHINGTON, April 24, 1948—1 p. m.

459. Top Secret, eyes only for the Ambassador. A careful analysis of the present situation leads us to believe that as a result of the Communist defeat in the Italian elections, the Kremlin is now confronted with the necessity of making a very fundamental decision which will perhaps set the course of future events in Europe to a considerable degree.

As we see the matter, the Kremlin is faced with the following alternatives. It may decide to accept the situation created by the passage of the ERP and by the outcome of the Italian elections, adjusting itself with minimum loss of face to the fact that at the present juncture Europe outside of the iron curtain has in effect been denied to Communist power. On the other hand, it may come to the conclusion that to accept without counter-action this blow to the prestige of the Communist movement would place the Soviet Union so clearly on the defensive as to set in motion a train of events which would eventually jeopardize the security of its power in Eastern Europe and at home. In the latter case, the tendency might be to undertake some spectacular further move designed to recoup the loss of prestige inherent in recent developments.

A determining factor in their decision would undoubtedly be their estimate of the U.S. reaction to any such move. Should a miscalculation as to the attitude of this country lead the Soviet Union into actions which would set off World War III, there would undoubtedly be a searching inquiry into the record as to whether this Government had used every facility at its disposal to dispel any such miscalculation. We feel, therefore, that it is of vital importance that a true picture of the purposes and policies of this Government should be brought home to the Soviet Government at this time.

We have had these considerations very much in mind during the last few months but have felt that an approach to the Soviet rulers

¹ At a cabinet meeting held on April 23, according to a memorandum dated April 26 by Acting Secretary of State Robert A. Lovett, by prearrangement with the President this telegram was brought up for discussion and was approved. The telegram was proposed as a precautionary measure covering the following two points, on which the approval and recommendations of Ambassador Smith were requested:

"First, the determination of this country to insist on its rights in Berlin and elsewhere and to resist further aggression against free states; and

"Secondly, an assurance to the Soviet Union that this country has no imperialistic or expansionistic programs or plans; that it seeks peace with the Soviet Union and does not want war or disturbances which might lead to war."
(821.00/4-2648)

prior to the passage of ERP and the Italian elections would only have been interpreted as a sign of weakness and lack of confidence on our part in the efficacy of our present policies.

We have no great illusions as to the possibility of convincing the Soviet rulers of the real nature of our policy but feel that the time has come when some such attempt must be made. We have in mind your seeking an interview with Stalin at which you would stress to him the following main points:

Begin 1. That any further encroachment by the Soviet Union, by countries under its control, or by Communist parties dominated by it, beyond the present limits of Communist power, would be regarded by this country as an act of Soviet aggression.

2. That it is definitely not true that this Government is aiming in any way, shape or form at an imperialistic expansion of its own power or at the preparation of military aggression against the Soviet Union or any other country in Eastern Europe or elsewhere.

It is true that United States policy is active and vigorous in defense of the principles of the UN Charter and is going to remain that way and we will resist on that basis armed aggression and efforts at Communist penetration and capture of other governments. But this could be a menace to the Soviet Union only if the Soviet Union had itself embarked on aggressive policies and if such a U.S. policy were regarded as an obstacle to aggressive Soviet designs.

He could be assured categorically that this Government has no plans which need concern the Soviet Government provided the Soviet Government itself and political groups which look to it for guidance are willing to let other Governments live at peace and achieve economic recovery. *End*

What we have in mind is merely a statement of U.S. position and policy and in no sense an indirect bid for agreement or even negotiation at this time.

We are aware that any such approach might be seized upon by Stalin as an occasion to offer some sort of a division of the world into spheres of influence. This would, of course, be unthinkable even to contemplate.

Before making more precise the type of message that you might deliver to Stalin, we would like to have your views as to:

- (a) The advisability of some such approach; (particularly as to the possibility of its being regarded as provocation by the Soviets).
- (b) The possible content of a U.S. statement; and
- (c) In what form it should be (from the President personally or merely under instruction from Secretary Marshall).

If you consider that the idea of an approach along the above lines has merit, we would of course elaborate on the statements which you should make to Stalin.

LOVETT

711.61/4-2648 : Telegram

*The Ambassador in the Soviet Union (Smith) to the Secretary
of State*

TOP SECRET NIACT

Moscow, April 26, 1948—5 p. m.

US URGENT

774. Part 1.

Our general views on this most important matter are best expressed by quoting message which I was drafting as recommendation to Department when your 459 arrived. Begins:

"It seems to me that the Communist setback in Italy may well mark time [turn] of tide in Western Europe, always providing there is no faltering in our present line of action. At this juncture, a most important if not determining factor influencing Kremlin's future decisions will be estimate of determination speed with which our announced policies will be followed and implemented.

"Believe therefore that I should have a very frank and blunt talk with Molotov at first favorable opportunity in order that there may be no illusions in mind of Polit Bureau as to seriousness of our intentions. I prepared him for this in my last interview by stating that prior to my departure on trip I was about to make I would seek an appointment for discussion of general relations between our two countries (I expected at that time to go to Berlin and US).

"My thought is that I should remind Molotov of my first conversation with Stalin two years ago at which he was present.¹ On this occasion I pointed out that while last thing US wanted was a divided world the line of policy being followed by Soviet Union would inevitably produce crystallization of the 'western bloc' which Soviet statesmen so strongly opposed. I also pointed out to Stalin that while neither nation wished to spend a major part of its income on armaments, unless the growing suspicion and tension were alleviated, this arms race desired by neither was certain to follow. I also stated that the burning question in the minds of almost every American was 'How far is the Soviet Union going to go?', to which Stalin answered 'We are not going to go much further'.

"I would then review briefly the major developments which have taken place during my two years here, and point out that Soviet policies which I questioned in this first conversation had produced reactions in the West very much in accordance with my estimate at that time.

"Would then say that US is absolutely unable to take seriously the constantly reiterated charge that ERP is in any way a threat to self-determination or sovereignty of any nation, and that it is quite apparent no statesman in Western Europe believes this either; that the policy we are following represents the considered conviction of the entire US Government and is supported fully by the vast majority of American people who are convinced that world peace depends on restoration

¹ For the report of the interview between Stalin and Ambassador Smith on April 4, 1946, see *Foreign Relations*, 1946, vol. VI, p. 732.

of stable and prosperous world economy, and who are willing to devote America's last resources to attainment of peace which they devoted to prosecution of war; that there is no slightest threat, actual or implied, to Soviet Union in our ERP if, as so often announced, the policies of the Soviet Union are also peaceful and non-aggressive, but that ERP is a fact, that it will be fully implemented, and that it will succeed (should be amplified on lines Deptel 459; see part two below).

"If Department concurs, would appreciate advice and suggestions for improvement and modification of above."

Part 2.

Specific comments on Deptel 459 are:

(1) We are inclined to believe that Kremlin has already taken its immediate decision regarding Western Europe (less Germany and probably Austria) and that this decision is not to press present line of policy to point of provoking actual hostilities.

(2) That insofar as Kremlin is concerned, words mean very little, and that neither my own statements nor those of any US official will have much effect. The considerations which will affect subsequent Soviet decisions are what we actually do, both at home and at the various critical points of contact. Aside from ERP, the Kremlin is watching UMT, selective service, and American rearmament.

(3) However, for the record in the event that the Soviet Union actually does undertake some spectacular move to recoup loss of prestige, it would be both necessary and desirable that our purposes and intentions be laid clearly on the line. Must state here we doubt if Italian defeat looks as dark to the Kremlin as the Italian victory looks rosy to us, since it is after all first Soviet setback in a series of almost uninterrupted successes.

(4) If we are wrong in original premise, and if basic decision is yet to be made, believe the choice will lie between (a) accepting the present impossibility of further major advances in Europe and changing direction of main effort toward south and east while consolidating western orbit, and (b) in intensifying aggressiveness of present line of action in Europe with calculated risk of war. In either case, item one of main points mentioned in Deptel 459 will appear to Kremlin to be an ultimatum; and before expressing final opinion we would appreciate more definite information of the specific intentions of the US in event of further Soviet encroachment in Korea, Greece, Palestine, Iran, Scandinavia, and Asia. Will we, for example, react positively if there is a Communist coup in either Indochina or Burma? Our first reaction is to doubt if language as strong as that suggested by Department is justified in our present situation. We must not threaten any action which we are not firmly decided and prepared to undertake.

(5) We concur in substance of item two, which parallels but amplifies our own line of thought (see part one above) and essence of which should constitute main line my remarks.

(6) Agree with Department that presentation of our intentions would very likely either provoke an abrupt counterattack or, as suggested, might lead to a broad hint regarding spheres of influence. If latter, then our reply would be immediate reiteration of our adherence to UN principles and determination not to compromise our own.

(7) Realize myth that still persists in large section of US opinion that one has only to "see Joe and everything will be all right", and if primary purpose were to establish evidence for the record this would be important consideration. However, my own opinion and that of all the Chancery officers favors an approach to Molotov at this juncture, first because it is logical follow-up to what I have already said to him, and second, because I believe it is equally effective. If I attempt to see Stalin (and I might well be refused) it could be misinterpreted or even interpreted as an attempt to capitalize on a small success before UMT or other concrete manifestations of our policy have been acted upon. We believe also it would formalize the matter more than is desirable at present, and possibly present Stalin with welcome opportunity to issue public soporific reply calculated to slacken our vigilance and preparedness effort. A final consideration is my conviction that I should approach Stalin only with concrete proposals or in a real crisis.

Accordingly, I recommend against a formal statement, and would prefer an informal but strong approach to Molotov, possibly with the introductory statement that the President (or the Secretary of State) had approved my suggestion that I speak to him very frankly with regard to US policies and the general relationship between our two countries.

If choice of timing had been left to me, I would, aside from any personal consideration, have made the approach either before my departure on leave as logical follow-up to my previous conversation and review of two years in Soviet Union, or after my return from Europe where presumption I had just talked to our various Ambassadors and to Western European statesmen would add weight to my remarks. I am quite willing to do it either way Department desires. However, if Department favors approach before I depart (as suggested by cancellation of impending leave) believe there should be minimum delay. Moscow is like a small town, and there will be all sorts of wild rumors and speculations as to why I have not left on schedule.

SMITH

861.404/4-2648 : Airgram

The Ambassador in the Soviet Union (Smith) to the Secretary of State

Moscow, April 26, 1948.

A-412. The *Journal of the Moscow Patriarchate* No. 1, January, 1948 printed "The Message of Patriarch Aleksii and the Holy Synod to the Clergy and People of the Russian Orthodox Church in America." Declaring that the state of the Russian Church in America today is chaotic, the message continued :

"The abnormality of the situation was finally recognized by most of the clergy and believers, and the All-American Church Council in

Cleveland in November, 1946 decided to ask the Moscow Patriarch to re-unite the Russian Orthodox Church in North America and Canada with the Mother Church and continue as its spiritual head on the condition that it retain the full autonomy at present existing . . .

"In July [1947], Metropolitan Grigorii went to the United States.¹ There, although he found full support for reunion with the Mother Church on the part of individuals both among the clergy and among the laity, he met with stubborn opposition on the part of Metropolitan Theophilus,² opposition which then took on quite inadmissible forms especially in the relations between ecclesiastical dignitaries . . .

"The Patriarch and Synod feel it their duty to disclose to the Orthodox in America the full hypocrisy of their spiritual leaders . . .

"The actions of Metropolitan Theophilus do nothing to prove his desire for union with the Mother Church: quite unlawfully he has cursed Archbishop Makarii³ of New York because the latter has obeyed the voice of his conscience and joined the Mother Church . . ."

In conclusion the message appealed "to all those who are seeking the true path of salvation in canonical communion with the Mother Church of Russia and who expressed this desire at the Cleveland Council to unite around their Exarch in the United States—Archbishop Makarii—" and stated:

"The Patriarch and the Holy Synod in a session on December 12, 1947 have decreed:

"1. That Metropolitan Theophilus and the bishops who follow him—the Archbishop of Chicago, Leontii, Ioann of Alaska, Ioann of Brooklyn and Bishop Nikon—for stubborn opposition to the appeals of the Mother Church for communion, for drawing their flock into a schism against the wishes of the flock itself as expressed in the decisions of the Cleveland Council, and the former also for his unlawful 'curse' laid on Archbishop Makarii—are committed to the Court of the Bishops' Council.

"The interdiction pronounced against Metropolitan Theophilus on January 5, 1935 by the Locum Tenens of the Patriarch, Metropolitan Sergii and conditionally withdrawn in January, 1947 by Patriarch Aleksii remains in force as a result of his failure to fulfil the conditions for reunion indicated by the Patriarch. The interdiction is also extended to the above-mentioned bishops.

"2. Archbishop Makarii is empowered to receive any clergy desirous of reunion—through communion with them in the sacrament of the Eucharist after sacramental confession."

¹ See the memorandum of November 14, 1947, prepared in the Department of State describing the situation of the Orthodox Church in the United States, and the efforts of the Metropolitan Grigory (Gregory) of Leningrad and Novgorod during his visit to bring about its reunion with the Mother Church under the Patriarch in the Soviet Union, *Foreign Relations*, 1947, vol. iv, p. 616.

² The head of the Orthodox Church of North America which had broken away from the church in the Soviet Union.

³ Archbishop Makary (Makarius), Exarch and Ruling Bishop in the Aleutian Islands and North America, head of that part of the church favorable to reunion with the Mother Church in the Soviet Union.

The message was followed by documents describing the relations between Metropolitan Grigorii and Metropolitan Theophilus during the former's visit to America. The documents include a number of the former's unanswered letters requesting an interview with Theophilus, the resolution passed by the Seventh American Church Council in Cleveland in 1946, details of the proposal for the autonomy of the Russian Orthodox Church in America, and a message from Metropolitan Grigorii to the Orthodox clergy and people in America describing the Soviet version of the controversy.

SMITH

711.61/4-2648 : Telegram

*The Secretary of State to the Embassy in the Soviet Union*¹

[Extract]

TOP SECRET US URGENT WASHINGTON, April 29, 1948—3 p. m.

478. Eyes only for the Ambassador. We approve your suggestion that the approach should be made by you to Molotov just prior to your departure for leave and should be in the form of an oral statement rather than a formal written document. However, we feel you should tell Molotov that you are acting under the instructions of your Government.

There is given below the outline of the type of statement we feel, after taking your suggestions into full consideration (urtel 774, April 26), you should make to Molotov regarding the position of the United States.

We did not have in mind the probability of some Russian counter move in Europe proper since we agree with you that the present indications are that, with the exception of a possible miscalculation in Berlin or Vienna, the Kremlin does not intend to mount any action in Europe proper which would carry the risk of actual hostilities. We have had more in mind the danger that a miscalculation of our determination and intentions might lead them to unwise action in Greece or Iran. The Far East being a much more unclear situation is not regarded as a point of immediate danger where Communist action could set off general hostilities.

The purpose we are seeking in this statement is the twofold objectives outlined in our 459²; to convince the Kremlin of the determination of the US Government and people of the US to continue its policy of support for the independence and integrity of the free nations of the world, if possible, and at the same time to make it clear that this

¹Notations at the end of this telegram indicate that it was approved by the Secretary at 12:15 p. m., and by the President at 12:45 p. m., on April 29.

²April 24, p. 834.

country entertains no aggressive designs against the Soviet Union or any other country.

We also approve your suggestion of using as a point of departure your conversation of two years ago with Stalin.

[At this place in this telegram there is omitted the outline of the type of statement furnished by the Department to Ambassador Smith for guidance in preparing his remarks to Molotov. His statement is contained in telegram 836 from Moscow on May 4, page 847. Although there are some verbal differences, the Ambassador's presentation was a faithful fulfillment of the outline statement sent to him.]

MARSHALL

711.61/3-548 : Telegram

The Secretary of State to the Embassy in the Soviet Union

RESTRICTED

WASHINGTON, April 29, 1948—5 p. m.

480. You are instructed take following line in reply to Sov protests concerning activities American aircraft over waters adjoining Japan (Embtels 194, Feb 2 and 417, March 5¹) :

Thorough investigation has been conducted of instances cited in Sov notes and careful study given to Sov allegations that activities US aircraft in these waters violate freedom of commercial navigation. USGov desires point out that Supreme Commander for Allied Powers² under Moscow agreement issues all orders for occupation and control of Japan. In carrying out this responsibility Supreme Commander has used Air, Army and Naval forces at his disposal to prevent smuggling and illegal entry into Japan. Effective measures to accomplish this mission must include surface and aerial surveillance shipping in off-shore waters of areas involved, as well as ground action on peripheral shores. Low flying within limits of safety in conducting this off-shore patrol absolutely necessary for recognition purposes. These activities serve interests Soviets as well as other nations concerned.

USGov considers these activities legitimate and is unable accept Sov contention they constitute in any way violation freedom of commercial shipping.

MARSHALL

¹ Neither printed. Telegram 194 reported the substance of note No. 20 from the Ministry of Foreign Affairs dated January 30 in which the charge was made that American bombers violated the freedom of commercial navigation by making low level flights over merchant vessels of the Soviet Union in the Sea of Japan and other Far Eastern waters. Incidents were specified which occurred between August 30 and October 22, 1947. (711.61/2-248) Similar accusations were made in the Ministry's note No. 34 received by the Embassy on March 4, 1948, which was summarized in telegram 417 of March 5. The period covered by the incidents recited in this note extended from November 6, 1947 to February 11, 1948. (711.61/3-548)

² General of the Army Douglas MacArthur.

811.42700 (R)/4-3048: Telegram

The Ambassador in the Soviet Union (Smith) to the Secretary of State

SECRET

Moscow, April 30, 1948—noon.

807. Flat rejection Soviet denial jamming (Deptel 442, April 22¹) probably would go unanswered and since it fails provide face-saving device would render impossible Soviet reversal previous stand. It further might arouse negative Soviet attitude toward future American routine complaints of interference, therefore note on following lines sent FonOff today:²

"Recent reports indicate stations operating 9750, 11730, 15130 and 15250 kc continue experience interference believed basis further technical tests originate eastern portion Soviet Union. View Minister's statement that Soviet radio stations not employ these frequencies their operations, Embassy grateful if Minister solicit assistance appropriate Soviet authorities determine cause interference. Minister's early attention this matter appreciated since interference such proportions as interfere seriously with operation American stations."

Amplification Embassy's thoughts on further approach to Soviets with copy of note by airpouch.

SMITH

¹ Not printed. Because of continued deliberate jamming of Voice of America Russian language program to the Far East, the Embassy was directed to file a formal protest with the Ministry of Foreign Affairs of the Soviet Union, pointing out that the Department of State could not accept a Soviet denial of the use of specified frequencies because accumulated technical evidence clearly demonstrated that the interference originated within the Soviet Union. (811.42700 (R)/4-1348)

² This was the Embassy's note No. 257 of April 30, 1948.

711.61/4-3048

*The British Embassy to the Department of State*¹

AIDE-MÉMOIRE

TOP SECRET

Mr. Bevin² wishes to express his thanks for Mr. Marshall's friendly reply to the message sent to him from Paris by Mr. Bidault³ and Mr.

¹ This document was handed to the Secretary by the British Ambassador, Lord Inverchapel, at an interview at noon on April 30. In a covering memorandum the Secretary remarked that the key sentences stressed "the necessity for a policy of moderation and patience combined with firmness in the relations of the US and UK with the USSR." The Secretary told the Ambassador that he fully agreed with this view, "but pointed out that it is not always easy in actual practice to be sure that these criteria are applied in exactly the right proportion to particular policies."

² Ernest Bevin was British Secretary of State for Foreign Affairs.

³ Georges Bidault was French Minister for Foreign Affairs.

Bevin. Whilst Mr. Marshall has been away in Bogotá, Mr. Bevin has been giving careful thought to Anglo-American problems. It is four months since Mr. Marshall and Mr. Bevin agreed in London that the time had come to call a halt to Russian aggression and the present seems a suitable moment to take stock of the position.

2. This is how Mr. Bevin sees the general situation. Quite impressive progress has been made in consolidating the free countries of Western Europe. The ark of the European Recovery Programme has been launched and the five power treaty has not only been concluded but is already in process of becoming an efficient instrument.⁴ The Finance Ministers are meeting in Brussels and the defence ministers and staffs in London this week. Mr. Bevin hopes to be able shortly to let the United States have the preliminary picture, which they require, of our general military situation and our general approach. There have also been helpful talks on the official level between the United States, Canadians and ourselves on the defence of the West.

3. In a word, under the threat of Russian aggression, on which the Czechoslovak coup put a searchlight, the last three months have seen the Western European countries drawing closer together politically and economically. This development has put fresh heart into our friends and unless Mr. Bevin is mistaken it has given cause for reflection to Russia. Another ground for satisfaction is the result of the Italian Elections, in which our Trieste declaration, our handling of the Italian Fleet question, the support given by the British Labour Party to the independent socialists, the European Recovery Programme and the conception of comprehensive Western Union all played a part. The defeat of the communists in Italy must be regarded as a serious set back to Russia. It has had an excellent effect notably in Western Germany, where our prestige requires boosting and where the anti-communists have been anxiously waiting for some sign that Russians plans can be thwarted.

4. All this is very satisfactory, but it must be recognised that there are two places in Europe where we are face to face with Russian aggression and where we may expect them to be up to every devilment—Berlin and Vienna. We are also under indirect pressure from them in Trieste and Greece and there is always the possibility that at any time Russian attention may once more be directed to Turkey and the Middle East. In all these places, and particularly in Germany and Austria, Russian policy constitutes a permanent danger to peace, since we may at any moment of the day or night be suddenly faced by a

⁴ The fifty year treaty for collaboration in economic, social, and cultural matters and for collective self-defence had been signed at Brussels on March 17, 1948, among the United Kingdom, France, the Netherlands, Belgium, and Luxemburg. For text, see Great Britain, *Parliamentary Papers*, Cmd. 7367, or Department of State *Bulletin*, May 9, 1948, pp. 600-602.

serious incident. Mr. Bevin is sure, therefore, that British and American Representatives on the spot must exercise the greatest care in handling the situation. What is needed is moderation and patience, combined with firmness and a determination not to be provoked into any ill-considered action which might result in an impossible position from which it would be difficult to retreat. On the other hand, there can, of course, be no question of being forced out of Berlin or Vienna by Russian blockade tactics.

5. Mr. Bevin does not himself believe that either the Russians, or still less the satellites, want war at the moment. No doubt the United States Government has heard that Moscow has ordered the Communists in France and Italy to drop direct action, for fear that this might involve them in war. The Bulgarian and Yugoslav Governments are showing signs of hesitancy and the Markos⁵ gang is said to be split by internal dissensions. Moreover, no signs of military preparations in Russia itself, Eastern Germany, or the satellite countries have been detected. All this goes to confirm Mr. Bevin's reading of present Russian policy, which is that they intend to do all they can to wreck E.R.P. and to cause us the greatest political embarrassment everywhere, but without pushing things to the extreme of war. The danger, of course, is that they may miscalculate and involve themselves in a situation from which they feel they cannot retreat. That is why Mr. Bevin thinks that His Majesty's Government and the United States Government are called upon to show particular prudence at the danger points.

6. If we can steer a safe course over the next year or so, Mr. Bevin believes that we can, if we so resolve, call into being a sufficiently coherent and self-confident system in Western Europe to discourage the Russians from attempting adventures there. We may even see a change in Russian tactics. But success will, in Mr. Bevin's view, depend both on the combination of toughness and prudence which we show in the intervening time and on the determination with which we push ahead with the task to which we have set our hands.

7. On the other hand, Russia may suddenly become conciliatory and this would be the most dangerous phase. The democracies may then be misled and ease up on the creation of the solidarity which is so essential for the future peace of the world. Should this happen, whilst we must be ready to negotiate if the Russians make advances, we must at the same time go on with our organisation and with the development of our unity.

WASHINGTON, April 30, 1948.

⁵ Gen. Markos Vafiades was commander in chief of the Greek Communist guerrilla army, and President and Minister of War of the so-called "Provisional Democratic Government" established by the guerrillas in the Macedonian mountains on December 24, 1947.

711.61/5-448: Telegram

*The Ambassador in the Soviet Union (Smith) to the Secretary
of State*

TOP SECRET

Moscow, May 4, 1948—7 p. m.

835. Eyes only. I saw Molotov today at 2:30.¹ He was serious, attentive and courteous. He showed no sign of hostility or antagonism and might even have been described as conciliatory. My oral statement followed almost exactly outline given by Department but exact text being transmitted in immediately following telegram as Molotov suggested in interest of accuracy transcript be furnished Troyanovski² who acted as interpreter.

At conclusion Molotov replied that surely after two years in the Soviet Union I must realize that the Soviet Government does not pursue any aggressive aims in its foreign policy but that its first and foremost desire is to rehabilitate and reconstruct its own internal economy. He had no doubt that the Soviet Government would pay the closest attention to the statement of United States position, that it reciprocated the desires of the US to alleviate the present situation, and that he considered there were not a few possibilities of enabling US to go along this path toward improved relations. He felt obliged to say that the peaceful policy of the Soviet Union had been widely misrepresented in the American press and in the public utterances of some American statesmen. He wished to point out that the Finnish treaty recently signed was a convincing example of the lack of aggressiveness in Soviet foreign policy and that the other treaties which had been concluded with neighboring states would serve equally well as examples. Politicians in western Europe and elsewhere were inclined to attribute to Soviet agitators the inception of all unpleasant happenings abroad. It seemed that no strike could occur in France or elsewhere but that Soviet agents were deemed responsible in spite of the fact that in many instances the Soviet Union had no representatives or agents anywhere in the vicinity.

The same is true whenever some democratic movement is started or becomes successful outside the Soviet Union. The Soviet Government continues to be surprised at these allegations and can only advise others to believe these fables less implicitly. He assumed that in my statements regarding the defensive attitude of western Europe I alluded to the agreements made or in progress between France, Britain and the

¹ Some description of the meetings with Molotov in early May is in the book by Ambassador Walter Bedell Smith, *Moscow Mission, 1946-1949* (London, William Heinemann Ltd., 1950), pp. 146-155.

² Oleg Alexandrovich Troyanovsky. (He was the son of Alexander Antonovich Troyanovsky, former ambassador of the Soviet Union to the United States, 1934-1939.)

Benelux countries but he wished to point out that these agreements which the United States was supporting were pointedly directed toward the Soviet Union whereas all the agreements which the Soviet Union has made with neighboring states have been solely for the purpose of guarding against future German aggression. The Soviet Government cannot forget that twice they have been attacked by Germany and these purely defensive arrangements should themselves furnish proof that the Soviet Union has no aggressive policy. On the other hand the Soviet Government is completing its system of economic agreements with neighboring states and it favors general resumption and expansion of trade and economic recovery without danger. It is obliged to feel that US economic plans are fraught with certain danger to European countries since these plans are made on different principles to those of the Soviet Union.

Soviet trade agreements exist with England, Belgium, Switzerland, the Scandinavian countries and many others and could also be made with the US and it is not the will of the Soviet Union that constitutes an obstacle to such an arrangement. He realized the above did not answer all of the points in my statement but hoped that his observation on Soviet policy would clarify the erroneous picture now being given in America both by the press and by public officials. Certainly the hopes and objectives of the Soviet Union are by no means connected with an economic crisis in the US or elsewhere but are centered only in the peaceful development of own country.

To this I replied that I would be dishonest if I left him with the impression that I did not personally have grave apprehensions with regard to Soviet foreign policy. Insofar as Finnish treaty was concerned it did not contain particularly objectionable points nor as matter of fact did the published texts of the treaties with other countries. Regrettably there were rumors that to these and other existing treaties secret protocols had been appended covering military and economic matters but that I was of course not in position to assess the accuracy of these rumors.

Reverting again to conversation with Stalin would remind him that on that occasion I had stated that burning question in minds of American people was how much farther is the Soviet Union going to go, to which Generalissimo Stalin replied "we are not going much further". Nevertheless since that date events in Hungary and more important still in Czechoslovakia had increased apprehensions in my country and to even greater extent in western Europe. It was quite impossible for American Government or public to believe that Communist seizure of power by a *coup d'etat* in Czechoslovakia could possibly have been accomplished without the direct or implied support of the Soviet Union. The United States was aware of the recent exchange of notes

between the Soviet and Iranian Governments and had been startled at the increasingly threatening tone of the communications.

Molotov answered that there were no secret protocols of any kind attached either to the Finnish treaties or others now existing with neighboring states (Department is able to evaluate truth of this statement even better than I am), that these treaties were designed solely to facilitate the economic recovery and development of eastern and central Europe, that with regard to Czechoslovakia, he had this to say: It is ridiculous simply because his assistant Mr. Zorin³ was in Prague on purely routine matter at the time democratic elements of Czechoslovakia took decisive action to assume or to suppose that the Soviet Union had engineered the affair. The fact was that in Czechoslovakia as in other countries the democratic forces at work were the product of events of the second world war and of the suffering and struggle of the peoples against fascism. Those seeking an explanation can find true one in the increased dynamism of these democratic forces which, threatened by undemocratic forces, were vigilant, alert and aggressive to protect their liberty. With regard to my other observations and to my original presentation he would present them to his government from which they would receive the closest attention.

Meeting ended with usual expressions of courtesy.

SMITH

³ Valery (Valerian) Alexandrovich Zorin, Deputy Minister for Foreign Affairs of the Soviet Union.

711.61/5-448: Telegram

The Ambassador in the Soviet Union (Smith) to the Secretary of State

TOP SECRET

Moscow, May 4, 1948—7 p. m.

836. Eyes only. Reference mytel 835 May 4. Following exact text of statement to Molotov, informal transcript of which has been given to Troyanovski:

Two years ago during my initial conversation with Generalissimo Stalin and yourself, I stated as clearly as possible my estimate of the inevitable reaction of the American people to the continuance of a policy by the Soviet Government which would appear to have as its purpose the progressive extension of the area of Soviet power. At that time I pointed out that it would be a grave misinterpretation of the fundamentally pacific character of the American people to believe that they would not react strongly and vigorously to the progressive domination by one country of its neighbors and the clear threat to the world community which such actions would imply.

I emphasized at that time that the United States had no desire whatever to see the world divided into two major groupings, nor to divert a large part of its income to the maintenance of a military establishment which such a world situation would necessitate in elementary self-defense. It seemed apparent then that such a line of policy as that described would lead inevitably to a crystallization of the non-Soviet areas of the world, whose people would quite understandably feel themselves progressively threatened by such developments. It seemed also inevitable in such a case that the United States, as the strongest nation in this community, would be forced to take a leading part in this movement and to divert a large portion of its energy, which by preference our people would prefer to utilize for assistance in the reconstruction of the ravages of the war, to the maintenance of a military establishment adequate to meet the developing world situation.

Unhappily the apprehensions I felt at that time have been realized.

Since that date, Soviet policies in eastern Europe have produced the reaction which was predicted. The situation which has resulted is obviously one of great seriousness.

The European community and the United States have become alarmed at the implications of Soviet policy, and are drawing closer together in mutual self-protection, but only in self-protection.

It is for this reason that my government desires me to outline to you with complete clarity and frankness the position of the United States Government.

There should be no mistake about the determination of the United States to play its part in these cooperative movements for recovery and self-defense. The concern and the determination of the people of the United States have been intensified by the inexplicable hostility of the Soviet Government to the European Recovery Program—a measure which in its inception and subsequent development is so obviously only a measure of American assistance for reconstruction on a cooperative basis without menace or threat to anyone.

The situation which has been produced by the actions of the Soviet Government or by political groups obviously under its control, and the natural and inevitable reaction on the part of other countries, including the United States, to these actions is obviously one of great seriousness.

My government has no idea what conclusions the Soviet Government has reached concerning the present attitude of the United States. It has noted that the picture of this attitude given by the Soviet press is dangerously distorted and erroneous. Whether, or in what degree, the members of the Soviet Government themselves believe this distorted version my government has no means of estimating. For this reason

I wish to make plain certain points on which my government considers it extremely important that there be no misunderstanding at this time.

1. The policies of the United States Government in international questions have been made amply clear in recent months and weeks. They have the support of the overwhelming majority of the American people. They will continue to be vigorously and firmly prosecuted.

It would be a grave error if others were to assume that domestic considerations, such as the forthcoming elections, would in any way weaken the determination of the United States to support what it believes to be right. The American people have always known how to separate domestic and foreign policy at the proper moment.

Similarly, my government is aware that Communist organizations here and there have been disseminating propaganda to the effect that a forthcoming economic crisis in the United States will soon produce a radical change in American policies. It is hoped that no one will be so foolish as to forfeit the chances of progress toward world stability for the sake of an economic prognostication which has been proven wrong time and time again. Even those who persist in believing such a prognostication must, at the very least, realize that an economic crisis would not affect in any way our basic productive capacity nor our concept of the basic factors underlying our foreign policy.

It must be emphasized that the present state of world affairs involves issues which the people of the United States consider to be vital to United States national security and to world peace. No one should deceive himself as to the seriousness of United States policy with respect to these issues.

2. On the other hand, my Government wishes to make it unmistakably clear that the United States has no hostile or aggressive designs whatever with respect to the Soviet Union. Assertions to the contrary are falsehoods which can result only from complete misunderstanding or malicious motives. United States policies have been so devised that they cannot possibly affect adversely the interests of a Soviet Union which seeks to live at peace with its neighbors and to refrain from attempts to exercise undue influence, directly or indirectly, in their affairs.

In fact, many of the elements of United States foreign policy to which the Soviet press takes such strong exception today would never have come into existence if it had not been necessary for the United States to aid other countries to defend their own political integrity from attempts, on the part of Communist minorities, to seize power and to establish regimes subservient to foreign interests. Should these attempts cease, the necessity for some of the manifestations of United States foreign policy, which are apparently unwelcome in Moscow, would cease with them.

The present state of United States-Soviet relations is a source of grievous disappointment to the American people and to the United States Government. As far as we are concerned, it represents a painful and undesired alternative toward which we have been driven, step by step, by the pressure of Soviet and world Communist policy. We still do not despair by any means of a turn of events which will permit us to find the road to a decent and reasonable relationship between our two countries, with a fundamental relaxation of those tensions which today exercise so unhappy an influence on international society everywhere. As far as the United States is concerned, the door is always wide open for full discussion and the composing of our differences.

My government earnestly hopes that the members of the Soviet Government will not take lightly the position of the United States Government, as here expressed. They have it in their power to alleviate many of the situations which today weigh so heavily on all international life. It is our earnest hope that they will take advantage of these possibilities. If they do, they will not find us lacking in readiness and eagerness to make our own contribution to a stabilization of world conditions entirely compatible with the security of the Soviet peoples.¹

SMITH

¹ Telegrams 835 and 836 were read to the Cabinet at its meeting on May 7. The members "were cautioned very emphatically and specifically against mentioning this to any other person." Secretary Marshall had cabled to the Ambassador in telegram 501 on May 5 that his interview with Molotov had "accomplished excellently the purpose we had in mind, and I appreciate the calm and able manner in which the matter was handled." He further stated that comment would soon come "on the position you should take in the counter-approach which will presumably be made." (711.61/5-1048)

124.611/5-848 : Telegram

The Ambassador in the Soviet Union (Smith) to the Secretary of State

RESTRICTED

Moscow, May 8, 1948—1 p. m.

863. Discussion with Burobin has now confirmed negative reply Soviet Government on housing (Embdes 340, April 13¹). Six living apartments are promised in new building expected to be ready in first half 1949 (assume this means might actually be ready 1950) but no hope held out for Kropotkinsky or similar building. Despite further firm approach to Foreign Office and promise early action (Embdes 376, April 26²) likewise no results on customs.

Consequently if reply on customs not received when I return from leave about May 25 I shall inform Molotov attitude Soviet Govern-

¹ Not printed ; but see telegram 667 from Moscow on April 12, 1948, p. 828.

² Not printed.

ment obliges US Government place total official representation on reciprocal basis and request that steps be taken reduce Soviet representation. Will follow tactical procedure agreed on with Department in previous messages.

SMITH

711.61/5-1048 : Telegram

The Ambassador in the Soviet Union (Smith) to the Secretary of State

TOP SECRET NIACT
US URGENT

Moscow, May 10, 1948—1 a. m.

866. For the Secretary's eyes only from Smith. Molotov sent for me this evening¹ at six and made from notes an oral statement, text of which he handed me at conclusion of our conversation. This text being transmitted in immediately following message, and you will note that it is, in effect, simply our statement in reverse. No proposals or feelers of a more definite nature were made during subsequent conversation. I interpret Soviet statement to mean that they have taken note of our declaration of intention, appreciate fact that we are determined to proceed as indicated, and wish us to know that they are not going to change their own policy for the time being. They are going to watch developments closely, and will be guided by them, and not by our words. They are not ready to talk yet, but have not closed the door. Just as we have made a statement for the record, so have they.

At conclusion of Mr. Molotov's statement I said I would comment briefly. With regard to remarks about "development of US bases, our policy of encirclement and our war-like threats," I had only to say that our entire history was refutation of any suspicion of a policy which involved aggressive war. As I stated during our previous conversation, the drawing together of the western European countries and the support which was being given them by US was a direct reflection of the apprehensions and fears which had been aroused by the expansionist policy of USSR, and that while I had no right to disbelieve his statements, I could not refrain from paraphrasing Mr. Vyshinski's comment that facts spoke for themselves.

The US was secure in its honesty of purpose with regard to ERP. Our people were, as stated previously, completely unable to understand implications placed on that program by USSR. US appreciates and fully understands the desire and indeed the necessity of close and friendly relations between USSR and its neighbors, but that here again facts spoke for themselves, and I was fully familiar with events

¹ May 9.

which followed the acceptance by Czechoslovakia of invitation to ERP conference in Paris and subsequent reversal of this acceptance during the immediately following visit of Mazaryk² and Gottwald³ to Moscow. A country like my own which permitted complete freedom of political thought and expression did not oppose Communism because of its Marxian ideology but purely and simply because we had seen repeated instances of Communist minorities coming into power by illegal means and against the will of the majority of the population in the countries referred to. The US remained convinced that these minority *coups d'etat* would have been quite impossible without the moral and physical support of the USSR.

With respect to trade agreements, there was nothing US would like better under conditions of reasonable and honest understanding than to participate in expanding trade with USSR and to contribute to the economic recovery of the Soviet states which had suffered during the war. If proof were desired of our previous feelings in this respect it could be found in fact that under Lend-Lease we had shipped to USSR enormous values in basic industrial plants which when shipped obviously would not be in production in time to contribute to the war effort. Our change in views with regard to trade was again a direct reflection of the Soviet expansionist policies referred to in my previous conversation.

I did not wish to indulge in a contest of words which might be interpreted as the "pot calling kettle black", but I had recently reviewed some of our past agreements with USSR, particularly Roosevelt-Litvinov agreement, and that I would remind him of what I am sure he already knows, i.e., that the only provision of this agreement which had not been violated by USSR was that permitting presence of a catholic priest in Moscow.

However, these were matters which it would be profitless for us to pursue to the exclusion of the major issues. I had, I believed, made completely clear the policies of US and the reasons which prompted the adoption of these policies. I appreciated Mr. Molotov's statement of the policies of his government, which I would communicate at once to Washington.

Molotov said he did not intend to make a lengthy reply, but in connection with my own remarks he wished to say that as for the bases which were being established, almost everywhere and the military alliance of the western European states, it was well-known that the western European and American press was openly saying that these measures were directed against USSR and that to explain all of these

² Jan Masaryk, Minister for Foreign Affairs in Czechoslovakia.

³ Klement Gottwald, Premier in Czechoslovakia.

actions by arguing self-defense did not seem at all convincing to Soviet Government. He could only add that all this is being done by Great Britain and US outside UN, and even without UN being informed, which of course, emphasized character of the foreign policy of US and of the western countries. With regard to economic questions, since I had reminded him of Lend-Lease, he would reply that Soviet Government has always been grateful for assistance given USSR by Lend-Lease during the war, but that US policy had changed markedly in this respect. The USSR has stated its position with regard to ERP, and he would only repeat that US has not even fulfilled its trade agreements.

With respect to USSR and its neighbors and other states where democratic forces were exercising authority, and with regard to the Communists who are now playing an outstanding part in the direction of affairs, he would reiterate what he had said before, that the explanation can be found in the resurgence of democratic forces which had suffered under the oppression of Fascism and which considered the Communists to be the most determined and effective fighters against Fascism. He would like to recall once again that a great deal had been written with regard to these events and the connection of the USSR therewith which is completely untrue. No one has been able to find any facts to prove these false allegations, nor can anyone state with authority that the Communists have used illegal means. In Czechoslovakia, for instance, all the Parliament as well as the President took part in the reformation of the Government and if the actions of certain rightists circles gave rise to these events, responsibility falls on such circles which wish to induce changes by violence.

The Soviet Union was fully alive to the difficulties in our present relationship and the differences in views. Nevertheless, USSR has always considered that it could live in peace and in good relationship with US and with all other countries. It has never pretended to interfere with the internal policies of other nations, but it cannot ignore the actions and developments which have taken place during the past years which infringe on its legitimate interests.

At the end of this statement I took the occasion to repeat to Mr. Molotov what I said to Vyshinski in London with regard to the danger inherent in the actions of junior and irresponsible individuals who are in contact over about two-thirds of the earth's surface and who might by violent and ill-considered action touch a match to the powder train. Molotov replied that this was quite impossible for Soviet officials and citizens. I said I hoped so, but I could not disregard fact that others beside Soviet officials also were involved and that without reiterating past events would remind him that when planes are shot down and men

are killed, incidents arose which it was to the interest of the USSR as well as of the US to prevent. This terminated the conversation.

Doubt very much if any really pointed suggestion will be made here or in the immediate future. I had thought that Molotov's conversation might lead up to a suggestion for another CFM, but do not think this will be made now. Molotov was grave, attentive and courteous. His final personal remarks were pleasant. He wished me "good fishing" and remarked that he also intended to take a little rest.

I intend to leave early Tuesday,⁴ but will be gone for a short time only and can get back in eight or ten hours if instructed via Paris or Berlin.

SMITH

⁴ May 11.

711.61/5-1048: Telegram

The Ambassador in the Soviet Union (Smith) to the Secretary of State

TOP SECRET NIACT
US URGENT

Moscow, May 10, 1948—1 a. m.

867. Eyes only for the Secretary from Smith. The Soviet Government has familiarized itself with the declaration of the Ambassador of the USA, Mr. Smith, dated May 4, 1948,¹ in connection with the present state of Soviet-American relations. The Soviet Government shares the desire, expressed in this statement by the Government of the USA, to better these relations, and is in agreement with the proposal to proceed with this aim towards a discussion and settlement of the difference existing between us.

At the same time the Soviet Government considers it necessary to state that it cannot agree with the Government of the USA that the reason for the present unsatisfactory conditions of Soviet-American relations and the tension in the international situation is a result of the policy of the USSR in eastern Europe and to the increased influence there of the USSR.

As concerns the relations of the USSR with bordering as well as other countries of Europe, the Soviet Government notes with satisfaction that in fact these relations following the war have significantly improved.

As is known, this has found expression through the conclusion of treaties of friendship and mutual assistance between the USSR and these countries which are directed exclusively against the repetition

¹ See telegram 836, May 4, p. 847.

of aggression on the part of Germany and its possible allies and which, contrary to the statement of the Ambassador of the USA in Moscow, Mr. Smith, do not include any secret protocols. The countries overrun by German aggression are particularly interested in the conclusion of these agreements.

It is common knowledge that the USA also is carrying out policy of strengthening its relations with bordering countries, for example, with Canada, Mexico, and also with other countries of America, and this is fully understandable. It is likewise understandable that the Soviet Union also is conducting a policy of strengthening its relations with bordering and other countries of Europe. The USSR will pursue in the future as well its policy of strengthening friendly relationships with these countries of Europe.

In the declaration of the Government of the USA it is stated that certain of the external political measures of the USA in other countries, which have evoked the dissatisfaction of the USSR are explained by the excessive influence of the USSR in the internal affairs of these countries. The Soviet Government is unable to agree with this kind of explanation.

In the countries of eastern Europe which are under consideration, following the war, as is well known, there took place serious democratic reforms which are a means of defense against the threat of a new war and which created favorable conditions for the growth of friendly relations between these countries and the USSR. It would be absolutely incorrect to attribute the democratic reforms which have taken place here to interference of the Soviet Union in the internal affairs of these countries. This would mean ignoring the indubitable fact that the above mentioned reforms are a natural result of the victory of democratic forces over Nazism and Fascism and are regarded by the peoples of eastern Europe as guarantees against the threat of a new war. In this connection, the emergence of Communists in positions of leadership is completely understandable, since the people of these lands consider Communists the most effective fighters against a new war.

No one has the right to dispute the fact that the carrying through of democratic reforms is an internal affair of each state. However, from the above mentioned communication of the Government of the US it is clear that it holds another viewpoint and tolerates on its own part interference in the internal affairs of other states which cannot but call forth serious objections on the part of the Soviet Government. Events in Greece are not the only example of such interference in the internal affairs of other states. The Government of the USA explains the present unsatisfactory state of Soviet-American relations also by

the position of the Soviet Government on the question of the so-called European Recovery Program.

At the same time it is absolutely clear that if the question of the economic recovery of the European countries had been set up, not as has been done in the indicated program, but on the basis of normal conditions of international economic cooperation within the framework of the United Nations organization and with the necessary regard of the national rights and sovereignty of states, there would be no reason for USSR's negative attitude toward the ERP, all the more since the USSR, as one of the states which suffered most, economically, in the war, is fully interested in the development of postwar international economic cooperation.

At the same time the Soviet Government thinks it necessary to state that the present unsatisfactory condition of Soviet-American relations and the tense state of the international situation are the result of the recent policy of the Government of the USA.

The creation of such a tense situation has been fostered in the first place by such steps of the Government of the USA, as the increasing development of a network of naval and air bases in all parts of the world, including territories adjacent to the USSR, about which the press and a series of official representatives of the USA frankly declare that the establishment of these bases has the aim of the encirclement of the USSR. Such measures cannot be explained by the interests of self defense. It is likewise impossible to overlook the fact that the present atmosphere of international relations is poisoned by war-like threats of all kinds directed against the USSR, issuing from certain circles closely connected with the Government of the USA. In contrast to this, the Soviet Government is conducting a consistently peaceful policy with respect to the USA and other states, is not establishing military bases in other countries and is not emitting any kind of threat toward anyone at all.

Further, there was recently formed a military union of western countries, including England, France, Belgium, Holland and Luxembourg. At a time when all the treaties of mutual assistance concluded by the Soviet Union with the eastern countries, as well as with England and France, have as their aim the prevention of a new aggression on the part of Germany and are not directed against any allied state, the newly founded military alliance of the five western states, as is clear from the treaty, has in view not only Germany but may equally be directed against those states which were allies in the second world war. In all the English, French and American press it is openly said that this union is directed against the USSR. Furthermore, it cannot

be overlooked that the formation of the stated military union was possible only thanks to the patronage of the Government of the USA. It is clear that the military treaty of the five western states can in no way be regarded as a treaty of self-defense.

The unfriendly character of the policy of the Government of the USA with regard to the USSR has its effect also in the realm of Soviet-American commerce. In accordance with the commercial agreement concluded between our two states, the Government of the USA is obliged not to apply in regard to the export of goods from the USA to the USSR any more burdensome regulations or formalities than are applied in regard to any third country. However, the policy now conducted by the Government of the USA ignores this obligation and is in complete contradiction to the Soviet-American commercial agreement, setting up discrimination in regard to the USSR, regardless of the fact that the USSR is fulfilling in good faith its obligations under the aforementioned agreement. As a result thereof, the export into the USSR of American goods is disrupted, goods on which the USSR has paid deposits or even the full cost, a fact which injures the American firms concerned as well. The intolerability of such a situation is completely evident.

At the present time the Government of the USA declares that the US has no hostile or aggressive intentions with regard to the USSR, and expresses the hope of the possibility of finding a way to the establishment of good and reasonable relations between our two countries, together with a fundamental relaxation of the tension in international relations, and expresses its readiness to cooperate in such a stabilization of world conditions as would correspond as well to the interests of the security of the Soviet people.

The Soviet Government can only welcome this declaration of the Government of the USA, for, as is known, it has always carried on a peace loving policy and one of collaboration with regard to the USA which has always met with unanimous approval and support on the part of the peoples of the USSR. The Government of the USSR declares that in the future as well it intends to carry out this policy with complete consistency.

The Soviet Government also expresses the hope for the possibility of finding the means to eliminate present disagreements and to establish between our countries good relations which would correspond to the interests of our peoples, as well as to the consolidation of universal peace.

SMITH

711.61/4-3048

The Department of State to the British Embassy

TOP SECRET

MEMORANDUM

The Secretary of State is grateful for Mr. Bevin's message of April 30, 1948 setting forth his views on the current political situation with particular respect to relations with the Soviet Union. Mr. Marshall is in general agreement with Mr. Bevin's clear and comprehensive analysis of the situation. The information available to the United States Government confirms the indications cited by Mr. Bevin in support of his estimate that the Soviet Government does not want war at this time. Mr. Marshall agrees that in our relations with the Soviet Union the present situation calls for a policy of patience combined with firmness, and that the greatest danger lies in the possibility of a miscalculation on the part of the Soviet Government. It was for this reason that the United States Government suggested the advisability of making clear to the Soviet Government our determination to remain in Berlin. In this connection Mr. Marshall welcomes the very clear statement of British policy on this issue which Mr. Bevin made in Parliament on May 4.

Having in mind the importance of making every effort to avoid a miscalculation on the part of the Soviet Government, the Department of State has instructed the American Ambassador in Moscow to make clear in his conversations with Soviet officials that (1) the United States Government is resolute in the pursuit of its present policies which are well known and (2) these policies threaten no legitimate Soviet interest.

WASHINGTON, May 11, 1948.

711.61/5-1148: Telegram*The Chargé in the Soviet Union (Durbrow) to the Secretary of State*

SECRET NIACT

Moscow, May 11, 1948—noon.

US URGENT

880. Publication Tass communiqué on recent exchange views Ambassador and Molotov appears intended, while serving Soviet propaganda ends, at same time to allay public apprehension in US and elsewhere, including USSR, on lines, though in different form, suggested in Embtel 520, March 22. Assume Department has released

full text minutes Ambassador's remarks (Embtel 836, May 4) from which introduction and other portions of top significance omitted in Tass communiqué (Embtel 881).¹

From psychological warfare point of view, unilateral publication seems effective coup on part Soviet Government, calculated to:

1. Give impression USA felt obliged approach Soviet Government to try to find way to settlement outstanding issues and reduce international tension.

2. Undercut USA leadership western countries by sowing element distrust among our friends not consulted in advance.

3. Pass ball back to US for any further moves. Consequently, consider it essential that:

- (a) Department release, in addition to texts of minutes of talks, summary Ambassador's further oral remarks not included therein (as contained Embtels 835, May 4 and 866, May 9 [10]).²

- (b) Department make clear our initiative was simple statement our position rather than a "proposal" for negotiations as described in Molotov memo; and that while we desire keep door open for any negotiations, they could only be contemplated on basis clear and concrete indication exact subjects Soviet Government would have in mind for discussion and agreement, emphasizing that actions speak louder than words (Deptel 478, April 29).

- (c) Leak of secret protocols to satellite treaties be expedited unless later information has raised doubt their authenticity. (Deptel April 19 to Paris,³ repeated Moscow 426 and previous.) In this connection, attention is drawn to distortion in Molotov memo describing Ambassador's references to "rumors" of possible existence such protocols as his "declaration" such protocols exist.

Sent Department 880, Department pass London 51, Paris 126 for Ambassador Smith.

DURBROW

¹ This telegram, also from the Chargé in Moscow at noon on May 11, not printed, analyzed the Tass communiqué entitled "About Soviet-American Relations." It had been issued during the night, and published in the central press on May 11. The text of Molotov's reply of May 9 was given in full. Large portions of the statement by Ambassador Smith on May 4 were left out, which were indicated precisely in this telegram. (711.61/5-1148)

² On May 11 the Department of State released to the press the text of Ambassador Smith's oral statement of May 4 (telegram 836), and the English translation of the reply by Foreign Minister Molotov on May 9 (telegram 867); Department of State *Bulletin*, May 23, 1948, pp. 679-683. A statement made by President Truman regarding the exchange of views was released on the same day by the White House; *ibid.*, p. 683. On the following day a statement by Secretary Marshall was released, *ibid.*, pp. 683-684; and a lengthier summary of the Secretary's press and radio news conference of May 12 is printed, *ibid.*, pp. 684-686.

³ Telegram 1283, to Paris on April 19, not printed. It was suggested herein that arrangements could be made for the publication in the French press of the text of the economic agreement between Hungary and the Soviet Union (661.6431/4-1248).

711.61/5-1148

*Memorandum of Conversation, by the Secretary of State*¹

CONFIDENTIAL

[WASHINGTON,] May 11, 1948.

Lord Inverchapel called on me at the request of Mr. Bevin to discuss the talks between Foreign Minister Molotov and Ambassador Smith.

Lord Inverchapel said that Mr. Bevin was disturbed at this news and feared that it would create confusion among the nations of western Europe, particularly as there had been no advance notice from the United States Government concerning any such conversations. Lord Inverchapel pointed out in this connection that Mr. Bevin had had nothing but the Soviet radio version and that he had come to ascertain the true fact of the matter from me.

I read to Lord Inverchapel (who had not yet received a copy of the Department's release of Ambassador Smith's statement) the actual statement which Ambassador Smith had made to Mr. Molotov and the comments he had made to Mr. Molotov concerning the Soviet reply. I outlined to the Ambassador the considerations we had had in mind in instructing Ambassador Smith to state the position of the United States to Mr. Molotov. I made it clear to him, as the text of the message shows, that there was no "proposal" to any specific negotiations but that the main purpose of the statement was to make sure that the Soviet Government had directly from this Government a clear statement of United States position and purposes in view of the very real possibility of a Soviet misconception as to our intentions if they were to judge solely from speeches and newspaper articles and the usual accompaniments of a Presidential campaign. I said I thought the statement which I had just read, a copy of which would of course be given to him, made it entirely clear that there was nothing new in the statement concerning American policy and therefore represented no change whatsoever.

Lord Inverchapel said he understood, and said that if Mr. Bevin had had the full account and not merely the Soviet version, he would not have been so concerned.² He added, however, that Mr. Bevin did regret not having been consulted or informed in advance.

¹ Those present at this conversation were the Secretary of State, the British Ambassador Lord Inverchapel, Mr. George F. Kennan, the Director of the Policy Planning Staff, and Mr. Charles E. Bohlen, Counselor of the Department of State. The latter actually composed this memorandum.

² Later on May 11 Lord Inverchapel sent a message to the Secretary in which he further explained Mr. Bevin's complete surprise and wonderment whether the exchanges in Moscow "represents a change in United States foreign policy." Mr. Bevin had telegraphed that "this unexpected development raises very grave doubts in the minds of His Majesty's Government as to what may be intended." This was particularly important to know because Mr. Bevin had said that "His Majesty's Government are pursuing their present policies in regard to Western Germany and Western Union on the strength of United States assurances. Mr. Bevin presumes that they are to continue. He says that a further assurance on

I told him that because of the serious danger of a leak in a matter of this kind, it had been held in the strictest secrecy and confined to only very few people in the Department and that I had not even, although I had of course informed the President, left a copy in the White House. I also pointed out that we had only received the Soviet reply yesterday and had hardly had time to study it before the Russians put it out on the radio.

Lord Inverchapel inquired what we thought the Soviet motives had been in immediately publicizing this exchange as they had done and Mr. Kennan replied that in his opinion they had done it in large measure for the effect on their own population and the other populations of the satellite countries. I said I agreed with this analysis and felt that sometimes we underestimate the problem that the Russians had with their own people and in particular with the satellites they control; that the people of eastern Europe must be very nervous at any prospect of war and at the prospect of being bombed. I added, however, that I thought the Soviets may have had an eye on the possible slowing down effect in Congress on the military measure.

As he was leaving, I gave Lord Inverchapel a copy of the original Smith statement, a copy of his comments on Mr. Molotov's reply and a copy of the President's press release which had just been made.³

this point is very vital to restore confidence." Lord Inverchapel expressed his opinion that Mr. Bevin would surely welcome "a little personal message" from Secretary Marshall "assuring him that United States policy is unchanged." (711.61/5-1148)

³ The French Ambassador Henri Bonnet also called upon Secretary of State Marshall on May 11 at the request of Foreign Minister Georges Bidault who "was particularly concerned as to the possible effect these exchanges might have on the tripartite discussions on Germany." The ambassador was given assurances by Mr. Marshall, who told him that "of course this country would never discuss with the Soviet Union any matters affecting the interests of others." (711.61/5-1148)

711.61/5-1148: Telegram

The Secretary of State to the Embassy in the United Kingdom

SECRET NIACT
US URGENT

WASHINGTON, May 11, 1948—6 p. m.

1706. Personal and Eyes Only for the Ambassador. Please transmit at once the following personal message from myself to Mr. Bevin.¹

¹ Lord Inverchapel sent the reply to this message from Foreign Secretary Bevin to Secretary of State Marshall on May 14. Mr. Bevin remarked in part: "I was very glad to have your assurance that there had been no thought of inaugurating bilateral discussions with the Soviet Government on any matters in which the United Kingdom or any other third party was involved. I need hardly say that we ourselves never thought this could be your intention." (711.61/5-1448) Ambassador Douglas also sent the text of this reply in telegram 2120 from London on May 14, not printed (740.00119 Council/5-1448).

I learn from Lord Inverchapel that a misunderstanding has been caused in London by Molotov's unexpected and misleading publication of portions of the statements made to him by Ambassador Smith on May 4 and 9 and the full text of his reply.

You will have seen by now the complete text of Smith's statement which contained no invitation or "proposal" for any specific meeting or discussions. Molotov's suggestion to that effect was intentionally misleading.

There has been no thought of inaugurating unilateral discussions with the Soviet Government on any matters in which the United Kingdom or any other third party is involved.

Information concerning the exchange of views between Smith and Molotov was transmitted to Lord Inverchapel in a memorandum delivered to him early this morning. We had no knowledge that Molotov would anticipate this communication by his release. We ourselves did not receive final information from Smith on the exchange until yesterday.²

MARSHALL

² Similar reassurances were telegraphed at the same time to the Embassy in France for repetition to Foreign Minister Bidault in telegram 1618, not printed (711.61/5-1148).

The Director of the Office of Near Eastern and African Affairs, Loy W. Henderson, in a memorandum of May 11, thought that the recent exchange of views with the Soviet government might alarm unjustifiably some of the Near Eastern countries which were "notoriously nervous and suspicious," causing them to interpret "any gesture toward the Soviet Union as evidence of a desire on our part to make a 'deal' at the expense of smaller powers." He recommended that a telegram should be sent to reassure them (711.61/5-1148). Therefore telegram 586 was sent to the Embassy at Athens on May 12, not printed, to make sure that it was understood by the Greek government that the informal approach to the government of the Soviet Union was designed to prevent any possible misinterpretation on the part of that government of the position of the United States. The same telegram was sent to five other missions for action, and to 15 more for information. (711.61/5-1248)

711.61/5-1148: Telegram

The Chargé in the Soviet Union (Durbrow) to the Secretary of State

SECRET NIACT
US URGENT

Moscow, May 11, 1948—7 p. m.

884. Majority west Europe diplomatic colleagues have visited me today were relieved to have apprehensions gained from Soviet press and BBC allayed by learning full content Ambassador's remarks to Molotov. British Ambassador¹ on whom I called this morning was plainly surprised at lack prior consultation his government and only slightly mollified by information in Deptel 527, May 10² pointing

¹ Sir Maurice Drummond Peterson.

² Not printed.

out Department's communication to Inverchapel only delivered yesterday.

All reports reaction received today indicate Tass release has effectively attained local objective of allaying public apprehension suggested Embassy 880, May 11. Soviet population apparently greatly relieved, feeling their government was strong enough to make USA appeal for settlement and convinced everything will soon be patched up.

Since local reaction probably typical bulk of popular reaction throughout world we must spare no effort straighten the record and recover the ground lost to Soviets in this deceitful and effective attack. Question must be kept to forefront by all information media at our command along lines suggested Embtel 882, May 11³ and by release appropriate official declarations and background information. Meanwhile, we should exercise great care to do nothing to increase damage or confirm impression of American appeasement which Soviet release attempts to create. In this connection, widespread publicity might well be given to fact Ambassador Smith is quietly fishing in Normandy.

Sent Department 884, Department pass Paris 130 for Ambassador Smith, London 52.

DURBROW

³ Not printed.

711.61/5-1248 : Telegram

The Ambassador in France (Caffery) to the Secretary of State

TOP SECRET NIACT
URGENT

PARIS, May 12, 1948—11 a. m.

2541. For Secretary—eyes only—from Smith. In view of unexpected developments as a result of Molotov conversation believe it most fortunate that I arrived in Paris when I did. Had long and frank talk with Spaak,¹ who understands situation and who feels that in long view result will be beneficial. French Government now knows whole story and probably believes most of it.

My own reaction to Soviet maneuver is that it is evidence, if such were needed, that Kremlin has not slightest idea of any compromise solution at this time. Otherwise they would not have taken the (for them) unheard of step of publicizing a diplomatic conversation which, had their intentions been honorable, might have been considered as in incipient stage. Caffery's messages give result in France, and from

¹ Paul-Henri Spaak, Minister for Foreign Affairs of Belgium. The conversation had taken place on the afternoon of May 11.

brief observation can confirm rather gloomy picture but, as Bidault said last night, there will be short, intense flurry of uncertainty and false optimism and things will settle down.² Quite sure that effect on Soviet Government has been as desired and expected by Department. Must confess that Kremlin's move entirely contrary to my own estimates although Durbrow and other officers in Moscow felt it might happen.

Department's 1618 to Paris again refers to note.³ This should be avoided.

Sent Department 2541; repeated to Moscow for Durbrow eyes only as 223. [Smith.]

CAFFERY

² According to telegram 2538 from Paris on May 11, not printed, Ambassadors Smith and Caffery decided to explain to French Premier Robert Schuman and Foreign Minister Bidault during a dinner that night the "main purposes of oral presentation" made by Ambassador Smith to Molotov on May 4 (711.61/5-1148). Secretary Marshall expressed his full agreement in telegram 1623 to Paris on May 12, not printed (711.61/5-1148).

³ Not printed. What was meant was the text of the oral statement made by Ambassador Smith on May 4 to Molotov; see telegram 836, p. 847.

811.42700 (R)/5-1248: Telegram

The Chargé in the Soviet Union (Durbrow) to the Secretary of State

SECRET

Moscow, May 12, 1948—1 p. m.

887. Reply of Foreign Office to Embassy request for determination source interference American stations on 9750, 11730, 15130, 15250 KC (Embtel 807 and despatch 391 April 30¹) consists repetition statement Soviet stations not using those frequencies. Copy note by airmail.²

For reasons stated ref desp recommend no further protest Soviet Government but employment whatever technical means available avoid jamming with brief statement (if we are confident that such is case) that programs experiencing artificial interference and that listeners should search within certain wave lengths, for program which will continue be presented usual time.

Department pass Vladivostok 70.

DURBROW

¹ Despatch No. 391 not found in Department of State files.

² The Foreign Ministry's note No. 71 of May 8, 1948, was transmitted in despatch No. 418 from Moscow on May 13, not printed. The note stated that these frequencies were not used by radio stations in the Soviet Union, as had already been indicated in notes No. 45 of April 12, and No. 54 of April 19, neither printed.

711.61/5-1248 : Telegram

The Chargé in the Soviet Union (Durbrow) to the Secretary of State

SECRET

Moscow, May 12, 1948—6 p. m.

890. In light of recent indications that Kremlin was moving toward lessening of pressure in Western Europe, yesterday's Soviet propaganda coup has among other aims adroit exploitation of Ambassador's conversations with Molotov to cover recent setbacks in West without loss of face by inferring US desire appease as excuse for their planned retrenchment. As of the moment, it would seem to have been more than successful, since its objectives have not only been attained, but Soviet prestige has actually increased in the process. Absence of any reference in Molotov's statement to problems of Middle and Far East appears noteworthy in this connection.

As reported in Embtel 520, March 22, Embassy has been expecting Kremlin would soon seek opportunity to spread some sweetness and light in effort to reassure Soviet friends and twilight sleepers abroad as well as citizenry at home. Henry Wallace's¹ efforts in US have for some time stood in need of this form of encouragement and nervous instability Soviet and European public clearly revealed by speed with which it clutched yesterday at the straw of American-Soviet *rapprochement*.

• This incident is first serious attack in what will no doubt prove to be long psychological warfare offensive designed to undermine growing resistance to Soviet expansionism both in Europe and America. From long-range point of view it seems likely yesterday's gambit will be followed by other moves aimed at same objective. Since it is now wholly clear Soviet Government will be deflected from set course only by eventual development of external forces compelling such deflection, it is doubly important that we hold firm and act positively to effect the containment of Soviet expansionism.

At the same time, it should be kept clearly in mind that these recent developments will probably prove to have as corollary significance

¹ Henry Agard Wallace was Secretary of Commerce in the cabinet of President Truman until his resignation was requested on September 20, 1946. For information about the letter of July 23 written by him to the President (published on September 18), and his speech of September 12, critical of the trends in international affairs since the end of the war and of the policies toward the Soviet Union pursued by the President, see telegram 3484 from Moscow on September 16, and telegram 3532 from Moscow on September 20, *Foreign Relations*, 1946, vol. VI, p. 782 and p. 783.

early application increased Soviet pressure in another world sector which in present circumstances is most likely to be Middle East.²

Department pass Paris unnumbered for Smith, London 54.

DURBROW

² At the 177th meeting of the Policy Planning Staff held on May 12 these conclusions were reached about the significance of the publication by the Soviet Union of the exchange of communications: "It was agreed that the Russians scored a temporary propaganda victory which may last only a short time if the situation is handled properly by our information agencies; that the action of the Russians in publishing the communications indicates that they have no desire seriously to enter into discussions on points at issue; that the misunderstanding created abroad by the issuance of the exchange of communications was due largely to the fact that the initial impression was received from the incomplete text released by Moscow; that our diplomatic officers abroad should study carefully the exchange of communications, the President's statement of yesterday, and the Secretary's statement of today and should ask that the Governments to which they are accredited also examine them carefully; that it would not have been possible to consult the British and other Governments ahead of time for fear of a leak; that even though the Russians did the unprecedented by making these communications public, it was still wise to have set forth our position at this time as we did." (Policy Planning Staff Files, Lot 64 D 563)

124.612: Telegram

The Chargé in the Soviet Union (Durbrow) to the Secretary of State

RESTRICTED

Moscow, May 13, 1948—8 p. m.

897. Chief Moscow customs informed Embassy orally yesterday Embassy must accept delivery or re-ship abroad by May 25 all goods which have been held in Moscow customs for more than 2 months. Official added if this not done all goods would be confiscated. Of course we could use remaining 270,000 rubles 1948 quota, but additional goods above this subject to duty if we accept delivery.

Am endeavoring ascertain from Foreign Office whether this final word. If so, means promised concessions will not be made and Soviet Government has decided itself bring question to head. In this case shall withdraw absolutely essential items official supplies against free quota, leaving as much as possible quota for future essential supplies unless Department prepared pay duty on official supplies after full quota exhausted by taking out all such supplies now on hand. If Department not prepared pay duty, shall re-ship remainder official supplies, shall inform individuals they must pay duty, re-ship their personal consignments or have them confiscated. Will also accept essential commissary supplies, paying duty which will increase cost of living here astronomically. Essential Department decide whether prefer (1) increase allowances considerably above those already requested to make up for increased living costs or (2) pay duty on essential com-

missary supplies needed maintain reasonable American standard of living here.

If no concessions made, we must take action contemplated Embtel 863, May 8 without awaiting Ambassador's return, in order show we not bluffing this matter. Consequently, if Foreign Office confirms customs ultimatum, I propose write letter Molotov explaining necessity cut Soviet personnel US as proposed by Department, which will be handed Molochkov with oral statement our regrets that Soviet Government's failure to meet our needs has forced us take such action.¹

Department pass Paris for Smith.

DURBROW

¹ Ambassador Smith cabled the Department in telegram 2616 from Paris on May 15 stating that, while he agreed with Durbrow's proposed procedure except for that contemplated in this paragraph, he desired that the Department would instruct Durbrow not to take this action before his return to Moscow. The Ambassador said that he would prefer to handle this himself with Molotov or Vyshinsky. (124.612) The Department obliged in telegram 543 to the Embassy in Moscow on May 15, requesting no action be taken before the return of Ambassador Smith, but suggesting a note be sent asking that the decision on the customs ultimatum be held in abeyance beyond the May 25 deadline until the Ambassador had the opportunity to discuss the situation with Molotov. (124.612)

861.404/5-1448

*Memorandum of Conversation, by Mr. Richard H. Davis, Acting
Assistant Chief of the Division of Eastern European Affairs*

[Extract]

[WASHINGTON,] May 14, 1948.

Participants: EUR—Mr. L. E. Thompson ¹
 EE—Mr. Francis B. Stevens ²
 EE—Mr. Richard Davis
 Mr. Michael Francis Doyle—Philadelphia ³
 Father Braun ⁴
 Father Dufault ⁵

At the request of Mr. Doyle, a meeting was held this afternoon to discuss the Soviet visa application of Father Dion ⁶ which was made

¹ Llewellyn E. Thompson, Deputy Director of the Office of European Affairs.

² Francis B. Stevens, Chief of the Division of Eastern European Affairs.

³ Michael Francis Doyle, of Philadelphia, Pa., was an influential Catholic layman.

⁴ Father Leopold Braun of the Order of the Assumptionists, a religious congregation called Augustinians of the Assumption, founded in 1844.

⁵ Father Dufault was the Superior of the Order of Assumptionists.

⁶ The Reverend Louis Ferdinand Dion was a member of the Assumptionist Order. With regard to the problem of obtaining a visa for the presence of a priest in Moscow, see *Foreign Relations*, 1947, vol. iv, p. 560.

approximately July 3, 1947. Mr. Doyle opened the discussion by reviewing the case and asked whether it was not time that some more positive action be taken, particularly with reference to the Litvinov Agreement,⁷ to obtain Father Dion's visa.

Mr. Stevens outlined the numerous steps that had been taken by the Ambassador and the Embassy, both written and oral, vis-à-vis the Soviet Foreign Office to obtain favorable action on Father Dion's application. He read to Mr. Doyle a telegram which had just been received from the Embassy reporting that despite these frequent approaches to the Foreign Office, the answer had invariably been that "the application was under consideration." Mr. Doyle commented that he had called several times on Mr. Bruslov, Chief of the Consular Section of the Soviet Embassy, Washington, D.C., and his reply had been similar.

Mr. Doyle asked Mr. Thompson whether he had any advice or suggestions to offer as to what should be done now. Mr. Thompson explained he did not wish to influence any opinion or decision which Mr. Doyle and his colleagues might wish to reach independently. However, he would say that in consideration of a number of factors he did not feel that the present was the moment to deliver anything in the nature of an "ultimatum" to the Soviet Foreign Office based on the Litvinov Agreement or to give any publicity in regard to the Soviet delay.

After further discussion, it was mutually agreed that Father Dufault would write a letter requesting that the State Department ask the Ambassador in Moscow to take up again personally with the Foreign Office Father Dion's visa case, stressing that for reasons of health and owing to the length of time he had already been in the Soviet Union, it was desirable that Father Laberge⁸ be replaced as soon as possible. In this event, consideration would be given to asking the Ambassador to refer to his recent conversations with Mr. Molotov concerning Soviet-American relations and the desire to improve them and to the Ambassador's own reference in his last interview with Mr. Molotov to the provision in the Litvinov Agreement providing for the presence of an American clergyman in Moscow.⁹

R[ICHARD] H. D[AVIS]

⁷ This agreement had been made between President Roosevelt and Maxim Maximovich Litvinov, People's Commissar for Foreign Affairs, on November 16, 1933, at the time of the recognition of the Soviet Union by the United States; *Foreign Relations, The Soviet Union, 1933-1939*, pp. 29-33.

⁸ The Reverend George Antonio Laberge had been in the Soviet Union since October 26, 1945; *Foreign Relations, 1945*, vol. v, p. 1131 and footnote 10.

⁹ The request for a visa for Father Dion was fruitless at this time. Father Laberge was eventually succeeded in 1949 by his assistant, the French Catholic priest Jean de Matha Thomas.

711.61/5-1448: Telegram

The Chargé in the Soviet Union (Durbrow) to the Secretary of State

RESTRICTED

Moscow, May 14, 1948—6 p. m.

907. In Soviet central press May 14 appears Tass dispatch from New York reading as follows:

"It is worthy of note that text Soviet Government's statement in reply to that US Ambassador in USSR, Smith as issued by State Department for publication in press, contains number of distortions.

"Thus, for example, in section of Soviet statement which declares military alliance of five western powers 'may be directed against those states which were allies in the Second World War' word 'those' in State Department version is replaced by word 'all'.

"Soviet Government's statement on formation military alliance five western European states declared 'in all English, French and American press it is openly said this union is directed against USSR.' Text published in American press completely omits this statement by Soviet Government.

"Nature these distortions speaks for itself."

Embassy records show that alleged distortions did not occur in Embassy translation of original *aide-mémoire* or in draft of telegram No. 867, May 10 which transmitted English text to Department. Embassy would be interested to know whether there is any foundation for this Soviet criticism.¹

DURBROW

¹ The Department replied in telegram 564 to Moscow on May 19 that there was no foundation for the Soviet criticism. The press release had correctly quoted Molotov's statement (711.61/5-1448).

711.61/5-1748: Telegram

The Chargé in the Soviet Union (Durbrow) to the Secretary of State

RESTRICTED

Moscow, May 17, 1948—6 p. m.

930. Evidence from other capitals indicates considerable portion world press and opinion continues to hold view Molotov gave favorable response to American bid for talks on outstanding difficulties, which USA now trying reject, and which reflected basic American weakness and lack reliability.¹ World Communist apparatus is actively pro-

¹ The first Soviet press comment on the Smith-Molotov exchange appeared on May 14 and was reported by Chargé Durbrow in telegram 910 from Moscow, not printed. This had been in two articles in *Pravda* and *Trud*, which were based on foreign press reactions. They emphasized that the United States initiative resulted from the need to relieve war psychosis in the United States; that there was general world satisfaction, including the United States, at the acceptance of the proposal by the Soviet Union; and that subsequent efforts had been made by the United States to withdraw from the initial position and to insist that no proposal for negotiations was ever intended (711.61/5-1448).

moting this interpretation and will clearly continue assiduously to do so in forthcoming weeks. Intent Soviet Government both originally create and now develop and spread this false idea clearly seen all Soviet press comment and action Soviet censorship in cutting from copy American correspondents any suggestion Molotov reply constituted definite negative reaction and effectively precluded any real further discussions. Soviet press craftily quotes and bases comment on grossly distorted version Ambassador's statements published by Tass, particularly final paragraph omitting key sentence making clear only Soviet Government could make next move. Following from Moscow *Bolshevik* May 15 typical:

"Any one who studied attentively the concluding section of the statement of the US Ambassador Smith, had the right to suppose that, despite its diffuseness and a certain indefiniteness, it contained readiness on the part of the US Government for exhaustive discussion and settlement of the differences between the USA and the USSR. To the astonishment of world society, however, literally on the day following the publication of the statements the US Government itself repudiated its own positive initiative, the anxiety of the American public about the future of peace and above all about the future of the American people itself, laid its stamp also on Smith's statement. It did not look as though the authors of this statement were guided by absolute confidence in the future of the country if they found it necessary to give assurances that their policy would not alter in connection with the forthcoming elections and the possible economic crisis. Clearly these questions are alarming the American public, for it is plain enough that they come into the category of internal American and not international problems."

In circumstances, despite official statements already made, believe we still need on authoritative US Government level specifically expose purposeful distortion and duplicity of Molotov reply and explain in words of one syllable why nominal "yes" response of Soviet Government actually meant firm "no". This might well take form of major public address by Secretary or other high official, reviewing Soviet Government handling and exploitation Molotov-Smith conversations in light entire record USA-USSR relations.

Department pass Paris for Ambassador Smith Moscow's 141.

DURBROW

711.61/5-1848 : Telegram

The Chargé in the Soviet Union (Durbrow) to the Secretary of State

SECRET NIACT

Moscow, May 18, 1948—midnight.

US URGENT

936. The oracle has now spoken its awaited words of comforting assurance (Embtels 520, March 22 and 890, May 12) and presumably

the Kremlin's estimate of the American pre-election political scene has led it to hope that this latest well-timed thrust will rest without adequate rebuttal. The distorted publication of the Smith-Molotov exchange successfully confused Europe. Stalin's open letter is primarily designed to confuse America, lend the appearance of substance to the vacuity of Wallace's declarations on foreign affairs and thus emasculate American policy.¹

Whether or not Wallace's letter was a plant, certainly the ground was adequately prepared (Paris 2593, May 14 to Department²). The only effective counteraction is to dispel the smoke screen of Stalin's words, rebut his assertions each in turn and reveal them for what they are.³

It seems to us the shrewd Soviet purpose to befuddle American public in circumstances which impose obstacles to direct and forthright handling on our part can be defeated only by grasping the nettle firmly where it stands.

Sent Department 936. Department pass London 57, Paris 142.

DURBROW

¹ Henry A. Wallace had written an "open letter" to Stalin which was published in the *New York Times* on May 12. The Chargé in the Soviet Union reported in telegram 932 from Moscow on May 17, not printed, of the considerable attention given to it in the Soviet press, and that *Izvestiya* for May 16 had characterized it as "an extremely positive and joyous fact in the relations between the two great peoples." (711.61/5-1748) Stalin replied to the letter on May 17.

² Not printed.

³ At the 184th meeting of the Policy Planning Staff held on May 18, there was some discussion of the situation produced by Stalin's response to the "open letter" of Henry A. Wallace. "It was agreed that some statement should be made today and that the statement should be toned down because Stalin's letter was not addressed to this Government." (Policy Planning Staff Files, Lot 64 D 563) For the text of the actual press release of May 18, see the Department of State *Bulletin*, May 30, 1948, p. 705. Additional information was made available by the Department on May 19 in relation to Stalin's reply wherein comments were made upon 11 topics; *ibid.*, pp. 705-706.

124.612: Telegram

The Chargé in the Soviet Union (Durbrow) to the Secretary of State

RESTRICTED

Moscow, May 18, 1948—6 p. m.

945. Paris for Smith. Having tried to see Molochkov for six days and being told today he would be tied up for three days more, I called on Orekhov¹ to discuss customs ultimatum (Deptel 543, May 15²). I pointed out patience shown last eight months regarding customs and Molochkov's last request for a bit more patience, explained I could not understand ultimatum given by high ranking Soviet Customs

¹ Fedor Terentyevich Orekhov was chief of the American Section of the Ministry of Foreign Affairs of the Soviet Union.

² Not printed; but see footnote 1, p. 867.

official and stated I must know within twenty-four hours whether action must be taken by May 25, since if true it would be necessary for Embassy to begin segregating goods for shipment abroad by May 20 to meet deadline and wished avoid complications which would arise if Soviet Government confiscated US Government supplies despite our patient efforts to iron out these difficulties with Soviet authorities. Further stated if not necessary act by May 25 and if Soviet Government desired set definite date upon which we must either accept goods or ship out of country, I requested this date be postponed until after return of Ambassador in order he might discuss matter further with Molotov. I left definite impression if ultimatum stands it could only be interpreted negative Soviet reply our requests for alleviation customs difficulties which would make it necessary for us to take action relative to size our staff as already explained Molotov and Molochkov.

Orekhov replied while he not fully cognizant details customs difficulties, he knew matter under active consideration and felt sure customs ultimatum was not final word and that action taken by Customs official was only under his own Ministry's fixed regulations. He promised to let me know by tomorrow evening about matter and reiterated he personally felt sure it would not be necessary take action by May 25.³

In view above do not propose send letter to Molotov since believe situation temporarily alleviated.

Considering Molochkov's virtual refusal see me (he was sick, in a meeting, too tied up, et cetera) for more than week, it would be helpful if Department officials reciprocated in Washington, eventually making it clear why they too busy see members Soviet Embassy.

Information requested second paragraph reference telegram being reported separately.⁴

Department pass Paris 143.

DURBROW

³ The Chargé reported in telegram 952 from Moscow on May 20 that Orekhov had informed him that the supplies could remain in the customs warehouse pending the resolution of the basic customs questions, which the Soviet Government hoped to decide quickly (124.612).

⁴ The Department had requested an estimate of the duty charges on that portion of official and commissary supplies which was considered essential, and also an estimate of storage charges beginning on May 25, if uncleared supplies could remain in customs. The Embassy replied in telegram 947 on May 18; not printed.

711.61/5-2048: Telegram

The Chargé in the Soviet Union (Durbrow) to the Secretary of State

Moscow, May 20, 1948.

951. Soviet press May 20 carried following Tass communiqué:
 "Tass is in position to communicate opinion leading circles USSR on

announcement USA State Department appearing yesterday's press notwithstanding I.V. Stalin didn't address himself officially to Government USA with any proposal but only gave answer in letter May 17 to open letter Wallace, State Department USA considered it necessary make special press announcement regarding Stalin's answer Wallace. State Department on one hand recognizes importance Stalin's statements on possibility and necessity peaceful regulation undecided questions in interest general peace. On other State Department announced concrete questions enumerated in Stalin's answer cannot serve as means bilateral discussion between USSR and USA, and that discussion these questions with participation other countries, as for example question on control atomic energy in UNO, also discussion question in Council Foreign Ministers, have given no definite results allegedly owing to stand Soviet Union. State Department's announcement arouses surprise here. This position State Department is in full opposition to statement USA Government May 4 in which possibility bilateral talks not only wasn't denied but on contrary was proposed as taken for granted, since in opposite event Government USA couldn't consider it possible approach Soviet Government with statement of its willingness regulate questions of disagreement. Moreover, as well known, very difficult international questions were decided under Roosevelt Government by representatives USA, USSR and Great Britain in complete agreement and unanimity during period more than three years. Question is asked why agreed decisions by powers on new less difficult questions are now considered impossible? Is it not because present government USA has abandoned policy Roosevelt and conducts another policy? Soviet public opinion considers that existing situation is result aggressive stand taken by present government USA."

DURBROW

711.61/5-2048 : Telegram

The Chargé in the Soviet Union (Durbrow) to the Secretary of State

CONFIDENTIAL

Moscow, May 20, 1948—8 p. m.

955. ReEmbtel 951, May 20. We feel that hurried and petulant tone today's Tass communiqué, which reads as though possibly written by Stalin himself, is tribute to Department's firm stand and quick adept handling of Stalin letter. Silence of Soviet press, as well as communiqué itself, as to content Secretary's statements and Department's pointed analysis issues to which latter refers is unusual and seems likely even raise some question in minds more intelligent Soviet citizens. Evidence Department's preparedness fight back may well have

brought to end high level Soviet Government propaganda campaign based on Ambassador-Molotov conversations,¹ though lesser propagandists here and abroad will, of course, continue indefinitely embroider themes developed therein.

Department pass Paris 147 for Ambassador Smith.

DURBROW

¹The Chargé elaborated more fully on these views in his telegram 966 from Moscow on May 21, not printed: "Twisted interpretation of Smith *démarche* as 'proposal,' Molotov reply as 'acceptance' and subsequent US reaction as 'repudiation' blared forth incessantly from editorialists, commentators and representatives of Soviet 'public opinion.' . . . Stalin letter obviously designed fortify Wallace supporters US, lull doubters of Soviet peaceful intentions, bolster Soviet citizens confidence in own government and put onus for next peace move on US. Fact that Marshall press conference and Department analysis Soviet-US issues effectively answered Stalin obvious from fact no word of either yet appeared Soviet press and from petulant Tass communiqué May 20 (possibly drafted by Stalin himself) alleging Soviet 'public' believes US has changed policy from 'Roosevelt' to 'aggressive.'" (861.00/5-2148) The May 19 statement by the Department was published with a slight omission by May 23.

711.61/5-2548

*The American Embassy in the Soviet Union to the Soviet Ministry of Foreign Affairs*¹

No. 316

Moscow, May 25, 1948.

The Embassy of the United States of America presents its compliments to the Ministry of Foreign Affairs of the Union of Soviet Socialist Republics and, with reference to the Ministry's notes No. 20 of January 30, 1948, No. 34 of March 4, 1948 and No. 44 of April 9, 1948,² has the honor to state that a thorough investigation of the incidents cited in these notes has been conducted by the appropriate authorities of the United States Government.

Careful study has been given to the allegations of the Soviet Government that the activities of United States aircraft in these waters violate the freedom of commercial navigation. However, in no single one of the more than fifty cases to which objection has been made by the Soviet Government is there evidence, either in the Ministry's notes or from the investigation undertaken by the American authorities, that the airplane or airplanes in question were in such an attitude or position, regardless of altitude, that they constituted any interference with commercial navigation.

The United States Government desires to point out that, in accordance with the Moscow Agreement of December 27, 1945,³ the Supreme

¹The Chargé, Elbridge Durbrow, advised the Department in telegram 983 from Moscow on May 25 that this note had been delivered at 5 p. m. The copy was transmitted to the Department in despatch No. 441 from Moscow on May 25.

²None printed; but see footnote 1, p. 841.

³*Foreign Relations*, 1945, vol. II, p. 815.

Commander for the Allied Powers issues all orders for the occupation and control of Japan. In carrying out this responsibility, the Supreme Commander has used air, army and naval forces at his disposal to prevent smuggling and illegal entry into Japan. Effective measures to accomplish this mission must include surface and aerial surveillance of shipping in off-shore waters of the areas involved, as well as ground action on peripheral shores. Low flying within the limits of safety in conducting this off-shore patrol is absolutely necessary for recognition purposes. These activities serve the interests of the Soviet Government as well as those of the other nations concerned. The United States Government considers these activities legitimate and is unable to accept the Soviet contention that they constitute in any way a violation of the freedom of commercial shipping.

The Embassy desires further to inform the Soviet Government that American pilots have been instructed to avoid creating any hazard while carrying out their responsibilities under the orders of the Supreme Commander for the Allied Powers.

861.50/5-2648

The Chargé in the Soviet Union (Durbrow) to the Secretary of State

RESTRICTED

Moscow, May 26, 1948.

No. 442

The Chargé d'Affaires ad interim has the honor to transmit herewith translated excerpts from the foreword to the new Journal of the Institute of Economics of the U.S.S.R., "Questions of Economics". This journal replaces the former "World Economics and World Politics" which was edited by E. Varga.¹

[The composition of the editorial board of the new journal is here omitted. Konstantin Vasilyevich Ostrovityanov replaced Varga as editor in chief.]

The continued presence of Varga, although demoted from Chief Editor to member of the board, is indicative of his importance in the field of Soviet economics. It appears that he must enjoy the support of a very influential segment of the government to have maintained any official status in the face of such strong criticism and attack.²

¹ Yevgeny (Eugene) Samoylovich Varga was a Hungarian-born famous Soviet economist, Academician, and Director of the Institute of World Economics and World Politics in the Academy of Sciences of the Soviet Union until October 1947.

² Concerning the attack upon Varga's views beginning in 1947, led especially by Andrey Aleksandrovich Zhdanov, a leading communist theoretician and high party official, see telegram 3304 from Moscow on December 1, *Foreign Relations*, 1947, vol. iv, p. 624, and footnote 1.

The foreword to the new journal, excerpts of which are attached, indicates that all of the so-called defects of "World Economics and World Politics" will be eliminated from "Questions of Economics". Henceforth Soviet economic thought will conform to the approved politico-economic line.³

³ The foreword, not printed, stated in part on the subject:

"The journal 'Questions of Economics' is a theoretical organ explaining the problems of Soviet economics and the economics of foreign countries.

"Despite the frequent instructions of the Central Committee of the All-Union Communist Party (Bolshevik) and of Comrade Stalin personally, the economists' scientific activity continues to lag behind the requirements placed upon it by the party and the Soviet Government. . . .

"The journal sets as its task to cooperate in every way in the liquidation of the deficiencies on the basis of creative work and of the wide discussion of actual theoretical problems of economic science."

711.61/5-2748

*Memorandum by the Director of the Office of European Affairs
(Hickerson) to the Under Secretary of State (Lovett)*

[WASHINGTON,] May 27, 1948.

I. SUMMARY OF ACTS FROM UNITED STATES SIDE EVIDENCING DESIRE FOR COOPERATION WITH SOVIET UNION.

A. War Aid

1. Military and civilian supplies to a value of over \$11 billion were supplied the Soviet Union under Lend-Lease.

2. Military and technological information was furnished through U.S. military mission in Moscow.

3. Substantial medical supplies and civilian goods were sent to Soviet Union by American agencies such as Red Cross and Russian War Relief.

B. Post-war Aid

1. UNRRA supplies to the value of \$250 million were sent to Byelorussia and the Ukraine. Seventy-two percent of the cost of the UNRRA program was borne by the United States.

2. The U.S. was prepared to discuss extension of large credit to Soviet Government to assist in post-war reconstruction.

C. Decisions Made at Meetings of Heads of States

1. At Yalta:

a. U.S. agreed to cession of Kurile Islands and Southern Sakhalin to USSR.

b. U.S. agreed to recognize paramount Soviet interests in Dairen, Port Arthur, and the Manchurian railways.

d. U.S. agreed to fixing of Curzon Line as western border of Soviet Union, thereby incorporating in Soviet Union sizable area of pre-war Polish territory.

e. U.S. agreed to participation of Byelorussia and Ukraine in UN, thereby giving Soviet Union three votes.

f. Agreement was reached with Soviet Government for exchange of nationals liberated by Soviet and American armed forces.

2. At Potsdam :

a. U.S. agreed to the Soviet annexation of northern portion of East Prussia.

b. U.S. agreed to provisional Polish administration of Eastern Germany.

c. U.S. agreed that post-war conditions required modification of Montreux Convention.

d. Recognition was given to Soviet claims for preferential reparations from Western Germany.

D. *Peace Treaties*

1. Concessions were made to Soviet claims for reparations from Italy.

2. Compromises were made with Soviet and Yugoslav viewpoints on boundaries and administration of Venezia Giulia and Trieste.

3. Soviet Union was offered twenty-five year mutual guaranty pact against Japanese and German aggression. Period of proposed agreement was later extended to forty years.

4. Secretary Byrnes publicly recognized special security interests of USSR in Central and Eastern Europe.

E. *United Nations*

1. U.S. has displayed considerable patience with Soviet use of veto in Security Council.

2. Generous U.S. offer on atomic energy is unprecedented in world history.

F. *International Organizations*

U.S. has advocated Soviet participation in all specialized international organizations and has made direct efforts to obtain Soviet participation.

G. *Cultural*

U.S. has constantly sought to arrange for the exchange of publications, scientists, artists, students, et cetera, between U.S. and Soviet Union.

H. *Civil Aviation*

U.S. has persistently sought to negotiate agreement with Soviet Union for reciprocal civil air traffic between the two countries.

II. SOVIET RESPONSE TO U.S. EFFORTS TOWARD COOPERATION

A. *War Aid*

1. Grudging Soviet recognition of extent and value of Lend-Lease aid and long delay in agreeing to begin negotiations for a settlement.

2. Complete lack of reciprocity in exchange of military and technological information.

3. Little publicity given in Soviet Union to non-governmental aid received from U.S.

B. *Post-war Aid*

1. Refusal of Soviet Government to discuss settlement of outstanding economic questions between the two countries in connection with credit negotiations. Constant reiteration by Soviet propaganda of theme that U.S. was threatened by imminent economic crisis which would oblige it to grant large credits to Russian market.

C. *Political and Territorial Questions*

1. Failure of Soviet Government to observe Yalta commitments for free elections in Poland, Rumania and Bulgaria.

2. Encouragement by Soviet Union of obstructionism and truculence in Governments of Poland, Rumania, Bulgaria and Yugoslavia.

3. Non-cooperation by Soviet Union in implementing occupation policies in Germany, Austria, and Korea.

4. Widespread Soviet removals from Eastern Europe, Manchuria, and Korea, thereby seriously interfering with resumption of industrial production.

5. Obstructionist Soviet tactics in negotiations for Italian and Balkan peace treaties in meetings of both Deputies and Foreign Ministers. Negotiations on these treaties extended from September 1945 to end of 1946. Soviet Union has likewise delayed consideration of proposed guaranty pact against German and Japanese aggression.

6. Soviet Union has refused to agree to organization of Germany as an economic unit, thereby preventing a more rapid return to a self-sustaining German economy, and the recovery of Europe.

7. The Soviets have rejected all overtures directed toward an agreement on international civil aviation.

8. Freedom of navigation on the Danube has not been restored because of Soviet opposition.

9. Soviet Union has declined to participate in most specialized international organizations. In those which it has joined its attitude has been distinguished by either obstructionism or disinterest.

10. Soviets refused to permit access by American repatriation teams to American citizens liberated by Soviet armed forces. For their part, the Soviets have insisted strenuously that all Soviet citizens, including persons coming from areas incorporated into Soviet Union since outbreak of war, be forcibly turned over to Soviet repatriation authorities regardless of their individual desires.

D. United Nations

1. Soviets have used United Nations as an instrument for political maneuvering and propaganda purposes and have shown little interest in true aims of Organization.

2. Soviet attitude has prevented any progress in work of Military Staff Committee.

3. As a result of Soviet tactics, UN has made little progress for a year in solving problem of control of atomic energy. While preventing agreement on this, Soviets have exploited propaganda possibilities of their general disarmament proposals.

4. On ten occasions Soviets have utilized veto in Security Council to prevent UN action. These occurred four times regarding Spain, three times concerning admission of new members to UN, and once each regarding the Syrian and Lebanon case, the proposal for a commission of investigation in Greece and the British charges against Albania in the matter of the Corfu Channel.

E. Propaganda

Since the war ended Soviet propaganda, both for internal consumption and as distributed through controlled outlets around the world, has been violently and abusively anti-American. U.S. is pictured as imperialistic, reactionary, fascist, and striving for world domination. U.S. Government is alleged to be in hands of small group aiming at imposing its will on world by force and as being entirely out of step with desires and aspirations of American people.

F. Cultural

U.S. efforts for cultural exchanges have not been reciprocated. On the contrary, Soviet Government has made strenuous efforts to further isolate Soviet people from cultural contact with outside world except such as occurs under auspices of Soviet Government agencies.

081.60m/2-1048

The Secretary of State to the Embassy in the Soviet Union

No. 87

WASHINGTON, June 2, 1948.

The Secretary of State receives many communications requesting duly authenticated copies of records or documents from Lithuania, Latvia and Estonia as well as inquiries regarding the whereabouts of persons whose last known residence was in the Baltic States, in connection with the settlement of estates in the United States. In replying to these letters the Department is pointing out that the Government of the United States has no diplomatic or consular officers in the countries mentioned.

It is now being suggested by the Department to persons desiring public records or documents from the Baltic States that they endeavor to communicate directly or through attorneys with the persons in the particular country who issue or certify to such documents, have such persons or the attorneys forward the documents to the Soviet Ministry of Foreign Affairs at Moscow with a view to obtaining its seal and signature, and then submit the documents in turn to the American Embassy at Moscow for authentication.

The attention of the Embassy is invited to the fact that its authentication is intended merely to assist in establishing the fact that the local official was acting as such in issuing the certificate and is not to be construed as involving a recognition by this Government of the right of the Soviet Government to exercise sovereign authority in the particular country. In compliance with the foregoing, the Embassy is requested in authenticating in its turn documents which have been certified by the Soviet Ministry of Foreign Affairs and which bear the seals and signatures of local Lithuanian, Latvian or Estonian officials, to include in each such authentication a statement to the effect that the authentication is not to be interpreted as implying recognition of Soviet sovereignty of the particular country.

With respect to the whereabouts of the alien beneficiaries of estates in the United States, the Department customarily makes no routine whereabouts inquiries regarding aliens in the Baltic States; however, it does consider as a separate category those whereabouts inquiries pertaining to aliens about whom information is desired in order to settle an estate or other legal matter pending in the American courts. In such instances the persons are informed that the American Embassy at Moscow may be able to obtain information regarding the Lithuanian, Latvian or Estonian national by means of an inquiry through postal channels (provided of course that the interested persons are able to supply names and specific addresses of persons likely to have

knowledge of the whereabouts of the individual), and the Embassy is requested to take such steps as may be possible to obtain the desired information.

Editorial Note

The Senate of the United States in its Resolution 213, 80th Congress, 2d session, referred to President Truman's address to the Congress on March 17, 1948, wherein he declared that one nation (the Soviet Union) had "persistently ignored and violated" agreements which "could have furnished a basis for a just peace". The Resolution requested the President "to furnish to the Congress full and complete information on the specific violations of agreements" by that nation.

In keeping with this request the Department of State submitted on June 2, to the Foreign Relations Committee of the Senate a document entitled "Soviet Violations of Treaty Obligations." The provisions of the agreements involved were listed, and the matching violations of these provisions were set forth. This document was included on the Senate Report No. 1440, 80th Congress, 2d session, June 2, 1948. It has been reproduced in the volume *A Decade of American Foreign Policy, Basic Documents, 1941-49* (Washington, Government Printing Office, 1950), pages 919-933, and in the Department of State *Bulletin*, June 6, 1948, pages 738-744.

711.61/6-548: Telegram

The Ambassador in the Soviet Union (Smith) to the Secretary of State

RESTRICTED

Moscow, June 5, 1948—1 p. m.

1053. Text of proposed letter:¹

"My dear Mister Molotov: I refer to our conversation of March 18 and to my letter of March 20, relative to the question of the official representation of the United States and the Soviet Union in our respective countries, and the desire of my government to reach a mutually satisfactory agreement which would permit the maintenance of

¹ Ambassador Smith explained his reasoning for the proposed course of action in his immediately preceding telegram 1052 from Moscow on June 5; not printed. He declared in part: "Since we have waited without success over nine months to obtain satisfactory solution these problems, I feel we should now lay them across the line, but while from Moscow viewpoint seems we should delay no longer, Dept will desire give consideration to reaction this step on American public, . . ." The Ambassador intended to hand the letter, probably to Molotov, and then if "after reading letter he again pleads for patience I shall inform him we can wait no longer and that if he wished inform me within a maximum of two or three days of favorable decision taken by Soviet Govt, I shall communicate such decision to Dept for its consideration." (124.611/6-548)

adequate staffs in the United States and in the Soviet Union respectively.

In this connection, I refer in particular to the matter of the necessary housing and customs facilities needed to maintain an adequate American staff in the Soviet Union. You will recall that Secretary of State Byrnes, when he was here in December, 1945, took up with you the question of obtaining sufficient additional housing for the Embassy to meet its minimum needs, and I have on many occasions taken up this question with you and with other officials of the Soviet Government both orally and by letter. I have also, during the past seven months frequently protested the excessive amount of duty charged against the Embassy customs quota for the importation of all supplies, including official supplies sent from the United States for the operation of the Embassy, for instance, as I have previously pointed out, under the maximum tariff which is always charged against the Embassy quota, the duty on one pound of blank paper, which would cost little more than one dollar in the United States, amounts to \$17, and other items are charged at correspondingly high rates. Such exorbitant charges for the importation of official supplies naturally use up our free importation quota at a very rapid rate, and since the free importation allowed the United States Embassy, with an authorized strength of approximately 150 employees, is no greater than that allowed foreign missions which have a total strength of only five or six persons, even though the Soviet Embassy in Washington is allowed unlimited custom free importations, it has for some time been impossible for us to import free of duty a sufficient quantity of other essential supplies and footstuffs for the maintenance of the present reduced Embassy staff.

Since receiving Mister Vyshinski's letter of April 10, in which he indicated that the administration for services to the diplomatic corps would give appropriate attention to the housing needs of the Embassy, and that the question of the customs quota of the Embassy was under examination by the appropriate Soviet authorities, the matter of housing has again been taken up with the administration. Despite the fact that the question of additional housing for my mission has been under consideration by the administration for over two and a half years, a representative of the administration stated that it would be impossible to indicate when an additional small building could be made available to the Embassy, and he added that no assurances could be given regarding the assignment to the Embassy of six additional two or three room apartments before the first six months of the calendar year 1949.

In regard to the customs problem, during the six and a half months which have elapsed since our first conversation on the subject, repre-

sentatives of the Embassy have at various times discussed this question with the appropriate officials of the ministry in an effort to reach a mutually satisfactory solution of the questions initially raised by the Embassy more than nine months ago. Although certain concessions have been accorded, the persistent efforts of the Embassy to receive a reply to the basic customs questions raised in its letter of November 3, 1947, have been without success.

In further connection with Mister Vyshinski's letter, I must advise you that, while I agree that the determination of the size of the official staff of its missions abroad should lie within the competence of the appointing government, I am sure that you will in turn agree that the principle is meaningless in cases where the receiving government itself controls all the means and facilities which enable such staffs to live and work, and fails to provide them in adequate measure.

Important decisions regarding the strength of the Embassy staff and the assignment and relief of personnel, all of which depend upon the decisions of the Soviet Government on the basic questions raised by the Embassy in the matters of housing and customs quotas, should have been taken several months ago. They have been put off repeatedly because my government did not wish that any lack of patience on our part should militate against a reasonable adjustment, but it is simply impossible to defer them any longer, and since no reply has been received to the Embassy's letter of November 3, 1947, I have no other alternative than to assume that the decision of the Soviet Government in these questions is negative, reluctant though I am to do so.

At the present time there are approximately 120 American officers and employees of the United States Government in the Soviet Union, about 30 less than the authorized strength of this mission. It is now necessary further to reduce this strength to the point where those remaining can be adequately housed and maintained in the housing provided and under the customs quota established by the Soviet Government. In this situation my government has instructed me to inform you that since it has become impossible, for the reasons stated, to maintain an adequate United States staff in the Soviet Union, while at the same time the number of official Soviet personnel in the United States remains more than twice as large as that the United States can maintain in the Soviet Union, it has reluctantly come to the conclusion that the representation of our respective countries should be on a basis of equal strength.

Accordingly, and in order that there may be full reciprocity in regard to the size of the respective representations of our governments, I have been instructed to request that the total Soviet personnel in the United States, including those attached to the Amtorg Trading Corporation, be reduced within the next 60 days to a total strength of 120

persons, the size of the present United States representation in the Soviet Union. As the United States representation is further reduced to a strength which can be maintained under existing restrictions, you will be informed and requested to make corresponding reductions in the Soviet strength in the United States.

As I informed you when I first discussed this question on November 19, 1947, my government has not wished to apply restrictive measures on the number of Soviet personnel in the United States so long as there remained a reasonable prospect of arriving at some satisfactory solution of this problem with the Soviet Government. I sincerely regret that nine months of correspondence and discussion have apparently failed to produce any solution.

Please accept, Mister Minister, the assurances of my highest consideration."

SMITH

711.00/6-848: Telegram

The Ambassador in the Soviet Union (Smith) to the Secretary of State

TOP SECRET

Moscow, June 8, 1948—7 a. m.

1067. For the Secretary's eyes only from Smith. Realize you are fully aware of adverse effect on our foreign policy of some recent US moves, but think it might help you to have result of my own observations in Moscow.

While many of my colleagues realize unfortunate circumstances attendant on election year, they are nevertheless showing increasing alarm and growing doubt as to constancy and firmness of our announced policies. Most of Europe still remembers President Wilson's high promises of cooperation and support and ultimate tragic result thereof, and it is very apparent that many Western European observers are wondering more and more if it is wise to tie unequivocally to a US policy which may change over night.

This feeling seems to be more pronounced among French and Belgians. French thinking in regard Germany of course is influenced strongly when ERP funds are in question, particularly just at time of French debate on London Agreement.¹ Confirmation of lessening of confidence in US apparent in letters just received from two friends in French Government. That from Jean Monnet² understandable as

¹ In vol. II, Part E of Chapter I, The London Conference on Germany, contains documents on the French consideration of the recommendations of the London Conference.

² Commissioner General of the Plan for Modernization and Reequipment of the French economy.

he is inclined to be skeptical, but one from René Mayer ³ shows same feeling and this disturbing.

Belgian Ambassador ⁴ here has been open and pointed in his criticism of recent apparent instability of US policy, and as he is Spaak's personal selection and seems to enjoy his confidence, his opinions from Moscow will probably have considerable weight.

Luxembourg Minister ⁵ has been equally critical. Report of these individuals to their governments undoubtedly reflect this view.

Member of Dutch trade delegation here, after praising ERP and stressing Dutch desire to adhere to firm US policy re Soviet Union, remarked that while it was difficult for Americans to realize, Dutch were painfully aware of fact that Soviet frontier is only 120 miles from Holland and other Western European countries are in comparable situation. During trade negotiations he had definite impression that because of ERP, victory in Italy and firm US statements, Dutch were in very favorable position and received several concessions which were fruits of US policy and its results in Western Europe. He doubted if somewhat conciliatory Soviet attitude would continue if cracks began to appear in wall of western defense.

Soviet press has been quick to exploit House action on decreasing "Marshall Plan" funds, and quotes several representatives to effect that further aid expenditures would result in severe inflation and consequent depression in US. Other representatives quoted to effect that England should be refused aid for reason that US and British interests bound to clash on almost all questions. Today's *Pravda* quoting *France Presse* says: "The preliminary agreement on Western Germany reached in London depends directly upon the accomplishment of the Marshall Plan. It would be hard for Parliament and French public opinion to accept fact that the aid promised them would be constantly subject to review in light of one political situation or another, while the serious concessions made by France in her policy towards Germany have led her along a path on which she can rightly expect the minimum of continuity of purpose from her partners".

My Middle East colleagues still speak, but that is about all. They are bewildered by our Palestine policy, and realizing as they do that Soviet Union is working toward seizure of power by "democratic elements" which will oppose Americans and British in Middle East, they see our recent actions as naive and indicative of unfriendly viewpoint.

To me this adds up to deterioration US prestige and growing lack of confidence in reliability of our announced policies, regrettable after

³ Minister of Finance in the French cabinet.

⁴ Louis Goffin.

⁵ René Blum.

recent substantial gains in Italy and major accomplishments in Western Europe during last six months.

I note in recent airgram that Department is reconsidering its policy regarding Dutch East Indies dispute,⁶ based on allegation that while Republicans are not living up to agreements, Dutch are also culpable. Without knowing any of details, cannot help but feel in view general world picture, that we should go very easy before bending over backwards to be "fair" to the Republicans at risk of unduly alienating Dutch in the process. Of course if Dutch are flagrantly breaking letter and spirit of agreements we should make our position clear to them. On other hand, it should be constantly borne in mind that one of major objectives of Soviet policy is to "Balkanize" and fragmentize colonial areas under a slogan of "democracy and independence" in order to weaken western strength and facilitate Communist infiltration. Would think that undue encouragement at this time to such groups as Netherlands East Indies Republicans or drastic action against Dutch would materially promote Soviet aims. Recent Soviet effort to establish consular relations with Netherlands East Indies Republicans points up their disregard of *Renville* Agreements⁷ and anxiety to get official foot in the door.

Sending this eyes only simply to protect personal references to individuals.

SMITH

⁶ For documentation, see vol. VI, pp. 57 ff.

⁷ See telegram 60 from Batavia on Jan. 19, 1948, *ibid.*, p. 79. For the text of the agreements signed on Jan. 17, on board the cruiser U.S.S. *Renville*, see Department of State *Bulletin*, March 14, 1948, pp. 334-336.

711.61/6-948

The Embassy of the Soviet Union to the Department of State

[Translation]

No. 107

The Embassy of the Union of Soviet Socialist Republics presents its compliments to the Department of State of the United States of America and on instructions from the Soviet Government has the honor to state the following:

In the magazine *Newsweek* of May 17, 1948 in connection with a speech by Commander of the Strategic Air Command of the United States, General Kenney, in Bangor, Maine, on May 7, 1948,¹ an article appeared containing libelous inventions concerning the Soviet Union

¹ Gen. George C. Kenney had made his speech to the State Federation of Women's Clubs.

which portrayed the Soviet Union as an aggressor as though it were preparing an attack upon the United States. In this article is also set forth a plan to use American air forces, air bases and atomic bombs against the Soviet Union, particularly for the destruction of Soviet cities such as Moscow, Leningrad, Kiev, Kharkov, Odessa, and others. Speaking of plans for attack on the Soviet Union by American aircraft with atomic bombs, the magazine *Newsweek* states: "Their targets: first Moscow—Moscow above all. Then the other large cities of European Russia—Kiev, Leningrad, Kharkov, and Odessa". It is further stated in the article that American strategists are thinking in terms of "closing the circle of air bases around Russia" in order to "make it smaller and smaller, tighter and tighter, until the Russians are throttled." This plan, as described in the magazine *Newsweek*, envisages combined air, naval, and ground operations from American bases located near the Russian mainland and their use for intensive bombing raids and attacks by guided missiles.

The publication of this article, which is an example of unbridled propaganda for a new war against the Soviet Union, is a rude violation of the resolution of the Second Session of the General Assembly, which states that:

"THE GENERAL ASSEMBLY,

1. CONDEMNS all forms of propaganda, in whatsoever country conducted, which is either designed or likely to provoke or encourage any threat to the peace, breach of the peace, or act of aggression.

2. REQUESTS the Government of each Member to take appropriate steps within its constitutional limits:

(a) to promote, by all means of publicity and propaganda available to them, friendly relations among nations based upon the Purposes and Principles of the Charter;

(b) to encourage the dissemination of all information designed to give expression to the undoubted desire of all peoples for peace."

The Governments whose representatives voted for this resolution at the Second Session of the General Assembly should, as stated in the resolution of the Assembly, promote by all means of propaganda at their disposal friendly relations among nations based on the purposes and principles of the Charter. The Governments which accepted this resolution should at the same time bear responsibility for acts committed on their territories which are in the nature of war propaganda and thereby violate the resolution.

The Soviet Government considers it necessary to draw the attention of the Government of the United States of America to the above-mentioned article in the magazine *Newsweek*, inasmuch as the appearance of such articles is in clear contradiction to the resolution against

propaganda for a new war unanimously adopted by the states members of the UN, including the United States of America.

The Soviet Government is simultaneously sending a copy of this note to the Secretary General of the UN, Mr. Trygve Lie.

WASHINGTON, June 9, 1948.

701.6111/6-1548 : Telegram

The Secretary of State to the Embassy in the Soviet Union

CONFIDENTIAL

WASHINGTON, June 15, 1948—5 p. m.

672. Dept approves your proposed message to Molotov but questions personal presentation as suggested Embtel 1052, June 5.¹ If it became known you saw Molotov or if Soviets either officially or unofficially revealed you had seen him without disclosing subject conversation, information would be subject to misinterpretation and distortion which might prove embarrassing to Dept. It is therefore suggested that your Counselor² hand letter to highest FonOff official to whom he has access and explain reasons for step in manner you have outlined.

To avoid any misunderstanding regarding Sov personnel assigned to UN and other internatl organizations which Dept prefers not to mention specifically, suggest first sentence antepenultimate paragraph proposed message be modified as follows:

"... instructed to request that total number Sov personnel of all agencies of SovGov in US concerned with direct relations with Gov and people of US including diplomatic and consular staff and those attached to Amtorg, etc."

We are concerned about timing³ in view recent announcement re Western Germany, adoption by Senate of Vandenberg resolution⁴ on aid to western union, and probable passage by Congress of military legislation. You should therefore postpone presentation message pend-

¹ Not printed; but see footnote 1, p. 881.

² Elbridge Durbrow was Counselor of Embassy in the Soviet Union, and at times Chargé.

³ After considerable study within the Department the final recommendation was made in a memorandum by John D. Hickerson, the Director of the Office of European Affairs, on June 14 that Ambassador Smith be instructed "to delay presentation of the note pending a further exchange of views with the Department when the situation appears more favorable for such action." (701.6111/6-1548)

⁴ Senate Resolution 239, sponsored by Senator Arthur H. Vandenberg, was passed on June 11, 1948; for text, see volume III, under Western European Union. For its application to the development of regional and other collective arrangements among free nations for their self-defense consistent with the United Nations Charter, see *ibid.*, pp. 1 ff., *passim*.

ing further exchange views which may be initiated either by you or by Dept when atmosphere appears more favorable.

MARSHALL

800.00B Communist International/6-2448: Telegram

The Ambassador in the United Kingdom (Douglas) to the Secretary of State

SECRET

LONDON, June 24, 1948—6 p. m.

2780. Foreign Office has as yet received no reliable intelligence re Molotov meeting Warsaw with Foreign Ministers satellites. Foreign Office speculates that presence Molotov may indicate some uncertainty course CP policy but that important new policy directives may be given satellites and Cominform.¹ It is believed meeting called primarily to consider future action and policy east Germany and Foreign Office has received report that Soviets may be prepared to make some territorial concessions to Germans at expense of Poles. (Warsaw telegram to Department 914, June 23.²)

Prior to learning of Warsaw meeting Hankey,³ head Northern Department Foreign Office, informed Embassy officer he was inclined to believe Soviet "peace offensive" had now ended and that Western powers could expect renewal of Russian diplomatic offensive. (RefEmbtel 2604, June 11.²) While this is not yet considered view of Foreign Office Hankey mentioned in support this conclusion Communist strike action in France, the serious disturbances in south-east Asia which he believes Communists inspired, and what he termed Marshal Sokolovsky's⁴ "violent" reaction to announcement on currency reform in western zone of Germany. Hankey felt Soviet action Berlin and Germany hardly compatible with continuation "peace offensive." Hankey speculated that Markos might now be too much of a liability for Soviets and this might be partial explanation Greek-Bulgarian negotiations for reestablishment diplomatic relations.

Hankey stated he was relieved to see end of "peace offensive" because he feared that signs of "peaceful" Soviet intentions would delude an important segment of British public into belief that agreement with USSR was possible at present time. Russian abandonment of "peace offensive" would insure that British public would remain firmly united behind Bevin's policies. "If US and UK remain united and firm they can be confident of their own security".

¹ For documentation on the creation of the Communist Information Bureau, see *Foreign Relations*, 1947, vol. iv, pp. 594-616, *passim*.

² Not printed.

³ Robert Maurice Alers Hankey.

⁴ Marshal Vasily Danilovich Sokolovsky, Chief of the Soviet Military Administration in Germany (SMAG), 1946-1949.

Embassy inclined to believe Hankey may exaggerate significance of recent Soviet "peace offensive" on British public. As previously reported by Embassy gap between government and non-Communist left-wing of Labor Party has now been virtually closed. Embassy believes this has occurred primarily because of developments of US and Soviet policies over past six to ten months. Communist coup Czechoslovakia destroyed last illusions which remains some important elements Labor Party. Bevin informed economic counselor of Embassy ⁵ on June 17 that he was "very pleased" at reception he had been accorded at recent meeting of Parliamentary Labor Party and that he now believed there were "only five or six" Labor MP's who were fundamentally opposed to his policies. While Embassy believes past "peace offensive" has had little effect on British public it is of course true that future solidarity Parliamentary Labor Party depends in large part on future trends US and Soviet policies.

Sent Department 2780; Paris 313; Moscow 109; Warsaw 48; Berlin 231; Budapest 35; Sofia 30; Bucharest 26; Athens 58; Belgrade.

DOUGLAS

⁵ Don C. Bliss.

761.00/6-2448

Memorandum Prepared in the American Embassy in the Soviet Union ¹

SOVIET XENOPHOBIA—1937 AND 1948

At the height of the purge in 1937, foreigners in Moscow, who even then were referred to in the Soviet press as spies, complained about the increasing isolation they found themselves in and even questioned if the situation could get any worse. Today in retrospect, however, the restrictions on foreigners of the 1937 period look like the golden age of freedom.

For centuries, foreigners in Russia have complained about the official xenophobic atmosphere, but it is doubtful if, in modern times, the anti-foreign policy has ever been carried to the point it has reached today. It should be pointed out, in this connection, that never since the recognition of the USSR by the United States has it been possible to make acquaintances or maintain social relations with Russians on a scale remotely comparable to those considered normal for foreigners residing in most other countries.

¹ Transmitted as an enclosure in despatch No. 505 from Moscow on June 24, 1948. The Counselor of Embassy, Elbridge Durbrow, appears to have been the principal author.

Until recently, however, the Soviet authorities have always tolerated at least a limited amount of informal contact between foreigners and a certain group of Soviet citizens (persons not closely connected with important economic, military or political matters). But since the passage of the State Secrets Act in June, 1947,² which classified almost all information as secret, and particularly after the publication in January, 1948 of the decree forbidding direct contact between foreigners and Soviet organizations except through the Ministry of Foreign Affairs and the Ministry of Foreign Trade,³ or with shopkeepers, news vendors and similar indispensable services, practically all informal relationships between Soviet citizens and foreigners have ceased. In order to reinforce these decrees and make it absolutely clear to Soviet citizens that they should not talk with or see foreigners (unless they now have a special assignment), a considerable number of "tame Russians", those who had permission from and were encouraged by the Soviet secret police to see foreigners and report on their activities to the secret police, have recently been arrested, or given strong warnings not to have any further contacts with foreigners. Even at the height of the 1937 purge, it was still possible to maintain contacts with those "tame Russians" who themselves had not been caught in the far-flung secret police dragnet. Also during and shortly after the war one had little difficulty in making and maintaining contacts with Russians, particularly those with police permission to see foreigners. While a considerable number of Soviet citizens who have had contacts with foreigners have been arrested in recent months, these are special cases and not part of a general purge as was the case in 1937.

The extent to which this high level directive has been brought home to the man in the street is best exemplified by the experience of several American officials who recently made the twelve day train trip between Moscow and Vladivostok. Until most recently it was the experience of foreigners traveling in the Soviet Union that Russians of all classes talked freely with fellow passengers, and the farther one travelled from Moscow, the freer were the contacts and discussions with Soviet citizens. On three recent trips to Vladivostok, however, Embassy officials found that their fellow passengers not only would not discuss any question, but some went so far as to refuse to return good morning greetings. Only on one recent trip did the American official find his traveling companions to be somewhat sociable. However, the last official to make the trip reported that while during the first 36 hours he found it possible to carry on a conversation with Russians, his acquaintances were severely reprimanded by the uni-

² For documentation about the State Secrets decree of June 8, 1947, see *Foreign Relations*, 1947, vol. iv, pp. 569-572, and p. 622.

³ See telegram 155, January 29, p. 798.

formed Interior Police guards for talking to foreigners. The conversations ceased.

Despite the all-out campaign to isolate foreigners, one still finds isolated cases of chance acquaintances who will enter into conversation. If, however, an effort is made to continue the relationship, it almost invariably turns out that the secret police get word to the Russian to discontinue seeing the foreigner. Unless, of course, the Soviet "friend" is a secret police plant.

The campaign to cut off contacts with foreigners has gone to such lengths that Soviet citizens who are close relatives of persons married to or working for foreigners have been dismissed from their jobs. In this connection, it will be recalled that a little over a year ago a decree was promulgated forbidding marriages with foreigners and those Soviet citizens already married to foreigners are not granted permission to leave the country, except in one or two rare cases involving satellite marriages. Moreover, many Soviet wives of foreigners have been called in by the secret police and "advised" that if they get a divorce from their husbands they will find it advantageous and will avoid "difficulties" for themselves. Several have complied.

Apart from the methods of isolation outlined above, the authorities have for the past year quite effectively succeeded in limiting travel in the Soviet Union, except in a few cases, to the bare minimum necessary for travel in and out of the country. In contrast, during the 1937 purge, foreigners could travel more or less freely in most parts of European Russia and Western Siberia. This restriction is perhaps one of the most effective in preventing the foreigner from learning anything about the country except what he can see in and around Moscow, and what he reads in the papers.

In this connection, public sources of information, particularly the press, are now very limited as compared with the situation in 1937. It is becoming increasingly difficult to get subscriptions to newspapers and journals, particularly those published in the provinces and on technical subjects.

The campaign has, in fact, gone so far that it is increasingly difficult to hire Soviet citizens as servants, chauffeurs, language teachers, translators and laborers. Pressure has also been brought on many persons working in these capacities to leave their jobs with Embassies and many have actually been arrested. Some workers and servants who have worked for foreigners for years are refused registration by the authorities when they try to work for other foreigners. In other words, if these persons are not considered good enough agents by the secret police, they are forbidden to work for foreigners.

The Soviet authorities have, of course, always made use of agents provocateurs, "plants" and frame-ups to obtain information and take

gullible foreigners into camp, and the employment of such methods continues to a certain extent. On the other hand, members of foreign missions, particularly military men, are being followed, on an increasing scale, by secret police agents in a further effort to minimize chance contacts between the local population and foreigners.

As a corollary to the isolation of foreigners, the authorities are making every effort not only to reduce the number of foreigners here, but to keep to a minimum the arrival of newcomers. This is achieved by making life as difficult as possible for diplomatic missions, limiting the housing available (thirteen diplomatic missions are housed in hotels), and by limiting the issuance of visas of all sorts. A further method of limiting the number of foreigners was the establishment of an artificially disadvantageous rate of exchange which makes food-stuffs cost three or four times as much as they do in the United States, and makes rents out of all proportion to the value received. In contrast, in 1937 retail prices were much lower and the ruble rate available to foreigners was about 25 to the dollar, compared to the 8 to the dollar rate inaugurated last December.

No effort has been made to revive tourist traffic since the war, and there are no prospects for its revival. Furthermore, despite many efforts and offers, cultural, scientific and academic exchanges have been limited to a few with the satellite countries.

Except for the period during the war when millions of troops, of necessity, had to go abroad, the Russian people since the revolution have been almost hermetically sealed from the outside world. Before the revolution, emigration was possible, as was travel abroad. Today it is practically impossible for a Russian to leave the country, except for the few who must leave on official business. Since the revolution, no foreign newspapers or periodicals have been permitted to enter the country for public sale or use, except in recent years the Russian language publications of the British and American governments. Both these, the "British Ally" and "Amerika", effective as they are as sparks in the Soviet blackout, have very limited circulation and are subject to censorship and other restrictions. The sole reason for permitting publication of this magazine and newspaper appears to be the fear of the Soviet authorities that if they did not permit their publication, the extensive Soviet propaganda publications issued in the United States and Great Britain would be closed down.

That the authorities are not pleased with the type of material appearing in these magazines, as well as on the "Voice of America" Russian language broadcast and those of the BBC, and are apprehensive of the effect they may be having, is clearly shown by the continuing attacks appearing in the press against these media of information.

Furthermore, in recent weeks a serious effort is being made to jam the "Voice of America" broadcasts.

The logical question to ask is why, after the conclusion of a successful war which brought greatly added prestige, power and influence to the Soviet Union, have the authorities made these extraordinary efforts to prevent foreigners from obtaining information about the country, and Russian citizens from obtaining information about the outside world?

The first reason is, as indicated above, that the Russian authorities for centuries, because they realized the unprogressive nature of their methods of government, have felt it necessary to deprive the Russian people of any yardstick with which they could measure their plight against that of other peoples. This time-honored characteristic of Russian governments must always be borne in mind in trying to evaluate the actions of Russian rulers, whether they be Romanoffs or Bolsheviks. The fundamental difference between the methods used by the Tzars and the Bolsheviks to attain these ends is that the methods used by the latter are more effective.

The basic tenets of the Soviet system, moreover, make it almost impossible for the regime to continue in existence unless its appeal is based upon the antagonism of the outside world, the inevitability of the collapse of capitalism, and the victory of "socialism" (Stalinism). In other words, the eventual conquest of the world by Stalinism.

This being the case, it was inevitable that the authorities would have to bend every effort to retrieve the serious loss of ideological ground which occurred during the war and try to induce the people to place blind faith in Soviet ideology as the only one which will eventually bring paradise on earth. Thus it became more essential than ever to prevent the Soviet people from having any further contacts with foreigners which would tend to perpetuate the ideas and comparisons they gained during the war, and thereby cause them further to doubt the attainment of a "better life" under Stalinism. Furthermore, based upon the fundamental tenet of the inevitability of a conflict between the capitalist and "socialist" world, it became essential to prevent foreigners from being in a position, through contacts with Soviet citizens, better to evaluate either the strengths or weaknesses of the Soviet regime. The recent action taken against even the "tame Russian" operatives seems to indicate that the secret police fear that their decoys give more information than they gather from the "wily foreign spy".

There seems to be little doubt but that the appeals of Stalinist ideology are wearing very thin after thirty years of glowing but unfulfilled promises of a fuller and better life. This doubting attitude was brought about in part by the necessity of concentrating all energy and effort on the prosecution of the war, which made it essential for the

Soviet authorities temporarily to abandon many of the ideological tenets upon which the regime is based. They were also forced to make promises of a fuller and better life after the war, in order to induce the Russian people to put up with the extreme hardships and sacrifices necessitated by the war. The fact that the Soviet Union was fighting side by side with capitalist countries against a common and powerful enemy also made it necessary to relax the attacks against the "evils of capitalism" and the outside world in general. Furthermore, millions of Russian troops pursuing the Germans to the west saw for themselves that most Rumanian, Austrian, Czech and German peasants and workers, even in wartime, lived under better conditions than Soviet workers and peasants had ever lived under the Tsars or Bolsheviks. These Russians, by their own experience, gained a yardstick with which to compare the achievements of the Soviet regime with "dreaded capitalism", which undoubtedly caused many to question the veracity of Stalinist ideology.

The mere fact that millions of Russians had acquired a yardstick of comparison constituted an actual threat to the regime, which the authorities were quick to realize as soon as the war was over.

The net effect of the steps outlined above to isolate foreigners, to which could be added many minor irritants and "road blocks", means that in 1948 it is most difficult for a foreigner to obtain more than a superficial knowledge of what goes on in the country, and why. Even to obtain what in any other country would be considered more or less general information requires a sound background of Russian history, Soviet ideology and basic economic and political policies. To this must be added astute observation, objective deduction and the full exploitation of the few sources of information still available. Fortunately, in order to control their own people, the Soviet government has to use various methods such as general reprimands in the press, self criticism and basic discussion of fundamentals, which make it possible, despite the strenuous efforts to hide the realities of Soviet life, to construct a fairly objective picture of these realities, as well as the fundamental policies and goals set by the authorities.

The fact that the Kremlin has been obliged further to intensify its efforts to insulate the Soviet population against foreigners, carry on an intensified campaign in an effort to whip up patriotism, rekindle belief in the wavering ideology, and attack almost everything foreign from sports to philosophy, is not a good advertisement for a system which has used every trick, ruse, bit of cunning and propaganda for over 30 years to convince the Soviet people and the outside world of the advantages of the regime. In 1937 it was triumphantly claimed that "Socialism" had been attained and the path to "Communism" lay ahead, that bourgeois nationalism and the remnants of capitalism had

been completely stamped out. Today Socialism has again been attained but bourgeois nationalism and remnants of capitalism still are raising their ugly heads. Perhaps the authorities have cried "wolf" too many times.

In any event, despite the apparent lack of enthusiasm for the proclaimed advantages of the system, the situation is well in hand and the ideological as well as anti-foreign campaign is having considerable effect. The Russian people have been suppressed for centuries and have proven no exception to the P. T. Barnum rule that you can fool most of the people most of the time. The majority, however, may some day find their yardstick and become more fully aware of the fact that there is more to life outside than five year plans and unfulfilled promises.

Whether ten years hence the present period will, in retrospect, also seem like the golden age of freedom for foreigners in Moscow, remains to be seen. Any dictatorship which must continue the stick and carrot method of progress must of necessity use bigger and better sticks, and the Marxian carrot is becoming more and more withered. The Muzhik donkey may finally balk and compel his master to change his fundamental policies, or give way to others, particularly if the master is also faced with equal stubbornness, resolution and firmness abroad.

711.61/6-948

*The Secretary of State to the Ambassador of the Soviet Union
(Panyushkin)*

The Secretary of State presents his compliments to His Excellency the Ambassador of the Union of Soviet Socialist Republics and has the honor to acknowledge the receipt of the Embassy's note No. 107 of June 9, 1948, bringing to the attention of this Government an article which appeared in the May 17, 1948 issue of *Newsweek* magazine, which the Embassy's note characterizes as a violation of the Resolution on Measures to be taken against Propaganda and the Inciters of a New War adopted at the Second Session of the General Assembly of the United Nations. The article discusses an alleged plan of defense by American air forces in the event of an attack upon the United States.

The American attitude concerning the function of the press has been made clear to the Soviet Government at numerous meetings of various agencies of the United Nations at which the question of the freedom of the press has been discussed. It is a tradition in this country that the public press shall serve as a forum for the discussion of all questions of public concern.

The Government of the United States agrees that this Government, whose representatives approved the General Assembly Resolution, should "promote, by all means of publicity and propaganda available to them, friendly relations among nations based on the Purposes and Principles of the Charter". The Government of the United States is actively pursuing this policy. This Government, however, cannot accept the view expressed in the Embassy's note to the effect that governments which accepted the resolution should bear responsibility for acts committed on their territories which by their nature violate the resolution. The position of the United States Government on this point was made clear in the debate on the resolution at the General Assembly last year in the following statement by Mr. Austin:¹

"The United States Delegation opposes any attempts, direct or indirect, to limit freedom of expression. We are against even setting foot upon the path leading to suppression and tyranny."²

Any attempt on the part of the Government of the United States to control or suppress articles of this type appearing in the public press would be a violation of the right of freedom of the press which is guaranteed by the Constitution of the United States.³

An examination of the *Newsweek* article will reveal that its whole tenor was postulated on an assumed act of aggression against the United States. The greater part of the article was devoted to speculation concerning measures to which the United States might resort for its national defense if confronted with such an attack. There is no suggestion that the United States should take the initiative in attacking the Soviet Union or any other country.

It is a cause for surprise to this Government that the Soviet Government should feel called upon to protest against articles appearing in the United States where the press and other organs of information are free of governmental control in accordance with the principles of

¹ Warren R. Austin, Senator from Vermont, United States representative at the United Nations.

² In what Ambassador Smith described in telegram 1261 from Moscow on July 6, not printed, as "a savage blast" against this note appearing in *Pravda* on the preceding day, he sent this gist of the attack for the information of the Department: "Typical that Department's reply makes no attempt refute facts in Soviet note June 9. This impossible anyhow. In order exculpate warmongers caught in act Department found nothing better than reference to statements made by Austin who, in opposing adoption any measures for purpose cutting short provocative war propaganda, declared that muzzling of warmongers would be . . . violation freedom press. Since U.S. press is monopoly controlled, Department shows impudence assuming role of supporters freedom press." (711.61/7-648)

³ In a letter of June 28, from Under Secretary of State Robert A. Lovett to James Forrestal, the Secretary of Defense, this remark was included: "I have read the text of General Kenney's address. I am sure you will agree with me that speeches of this character are ill-advised in view of the international situation. I have been informed, however, that the necessary steps have been taken in the military establishment to safeguard against statements on the part of members of the armed services which would be embarrassing to this Government in its conduct of foreign affairs." (711.61/6-948)

freedom of information, when in the Soviet Union where, as Premier Stalin made clear in his interview with Mr. Stassen on April 9, 1947,⁴ the government in fact controls and censors the press and other organs of information and thereby makes itself responsible for the material they publish, articles are constantly appearing which in the opinion of this Government can scarcely be construed as promoting friendly relations among nations, based on the purposes and principles of the Charter.

The Government of the United States is happy to observe the statement in the Embassy's note characterizing the charge that the Soviet Union is preparing an attack upon the United States as a libelous invention.⁵

WASHINGTON, June 28, 1948.

⁴ See footnote 3, p. 824.

⁵ By its note 128 of July 10, the Soviet Embassy had "the honor to communicate that the Soviet Government considers unsatisfactory the reply of the Government of the United States to the Embassy's note of June 9 of this year, and reiterates its protest." (711.61/7-1048)

761.00/6-2848: Airgram

The Ambassador in the Soviet Union (Smith) to the Secretary of State

RESTRICTED

Moscow, June 28, 1948.

A-633. The lead editorial in the June 22 *Pravda*, which was devoted to the seventh anniversary of the German attack on the USSR and entitled "The Mighty Soviet Victor-People," provides a concise synthesis of that version of the Soviet Union's part in the war and the post-war world which the Soviet Government presents to its people. Following paragraphs typify the chauvinistic cant which the present rulers of this country continue to inculcate into their people.

"...¹ The great wartime ordeal has irrefutably shown the strength and deep vitality of the Soviet social and state order, its superiority over the capitalistic order; has shown the power, the high mastery and unsurpassed moral-political qualities of the Soviet Army—its fighters and commanders, the indestructible unity of all the Soviet people. The test by war showed once more what a wise leader the Soviet people possesses in the person of its well-tried fighting vanguard—the glorious party of Lenin-Stalin, which has shown itself to be the unquenchable inspiration and organizer of all the forces of the people for the destruction of the enemy.

"... Both the four years of the war and the three years of the post-war peaceful construction point to one thing: the strength of the Soviet regime, the high moral qualities of Soviet people—workers,

¹ All ellipses in the source airgram.

kolkhozniks,² intelligentsia—the Bolshevik Party's confident and wise leadership of our country along the glorious path outlined by the great Stalin . . .

"Seven years ago the Soviet people placed on the scales of history its sword and its truth. And it not only defended its own freedom and independence, but also saved all the peoples of the world from the threat of fascist enslavement, saved world civilization from destruction. Now we see our Fatherland in the vanguard of all democratic forces, struggling for lasting peace, for the people's democracy, against the warmongers. Toward the Soviet Union are turned the eyes and the hopes of all humanity, which knows that the heroic Soviet victor people will do everything in its power to control those who have not profited by the lessons of Hitlerite Germany. With us are all the peoples of the earth who hate war, who long for the eradication of all remnants of fascism and for the establishment of a lasting peace, who believe that socialism and democracy are unvanquishable."

It is an unfortunate fact that many Soviet people believe such rodomontade, not only because of a natural human vulnerability to flattery, but also because of the unavailability of any contrasting viewpoint which would permit balanced and rational conclusions. It is hardly surprising that chauvinism and self-exaltation should be increasing in the USSR; and it is a tribute to the good sense of the Russian people that the Embassy still finds among them evidences of a more objective outlook toward world affairs than that which the Soviet propaganda line is calculated to produce.

SMITH

² Workers on a collective farm (*kolkhoz*).

811.2361/7-848 : Telegram

*The Ambassador in the Soviet Union (Smith) to the Secretary
of State*

RESTRICTED

Moscow, July 8, 1948—7 p. m.

1278. Substance Embassy translation note received today from FonOff, in reply Embassy note May 25 re buzzing of Soviet ships, follows:¹

"Soviet Government cannot agree with statement contained in note that flights of American planes over Soviet vessels do not create hindrances to commercial navigation. Appearance of planes over vessels, and at dangerous nearness to vessels, creates disquietude and alarm among passengers and crews of vessels, a situation which cannot fail to have a negative effect on commercial navigation.

"Reference of American Government to Moscow agreement of December 27, 1945 as justification for infringement by American

¹ This was note No. 116 from the Ministry of Foreign Affairs dated July 7, 1948.

planes of freedom of commercial navigation on high seas is groundless since indicated agreement treats only rights of Supreme Commander for implementation of condition of occupation and control over Japan and it contains nothing which could be interpreted as giving him such rights on high seas.

"Explanation of these flights as desire to prevent smuggling and illegal entry into Japan is also unconvincing, since it is practically impossible to verify from airplanes exactly what kind of passengers are aboard and for whom cargo on any given vessel is designated. Moreover, such control should not be effected on high seas.

"Soviet Government also cannot agree with statement contained in note to effect that flights of American planes over Soviet vessels serve interests of Soviet Government. On contrary, these flights do damage to interests of Soviet Union. Soviet Government sees no legal bases for these flights inasmuch as they take place on high seas and not in zone of occupation and are clearly arbitrary.

["In connection with above, Soviet Government reaffirms its protest against infringement by American planes of freedom of commercial navigation on high seas and insists on immediate cessation of these infringements."

Department pass Tokyo 16.

SMITH

811.2361/7-848

The Embassy of the Soviet Union to the Department of State

[Translation]

No. 126

The Embassy of the Union of Soviet Socialist Republics presents its compliments to the Department of State of the United States of America and, referring to the Embassy's note no. 261 of January 5, 1948 and to the note of the Acting Secretary of State of April 20, 1948,¹ containing a denial of the fact of violation by an American plane of the state border of the U.S.S.R. which took place on December 23, 1947, in the region of Cape Chukotski, has the honor to communicate the following:

The denial by the Government of the U.S.A. of the fact of that an American plane violated the Soviet border in the region of Cape Chukotski on December 23, 1947, inescapably leads to the supposition that the investigation of the said incident by American authorities was not sufficiently thorough, since repeated verification of this incident by Soviet authorities and the questioning of witnesses have again confirmed the correctness of the original information concerning the violation by an American plane of the Soviet border in the region of Cape Chukotski.

Moreover, in spite of the assertion contained in the State Department's note to the effect that "American planes have standing orders

¹ Latter not printed; but see footnote 3, p. 788.

to avoid any kind of violation of the Soviet border", the Soviet border authorities have recorded a new case of violation of the Soviet State border by American military planes. This occurrence took place on February 14, 1948, at 11:20 when three American twin-engined bombers, after violating the state border of the U.S.S.R., flew over the Soviet island of Akiyuri Shima at an altitude of two hundred meters, and then turned around and disappeared in the direction of Hokkaido Island.

In addition to the said violations by American planes of the Soviet state border, there have recently been noted several cases of violation by American planes of the border on the 38th parallel in Korea.

[At this place there are omitted the descriptive details of eight alleged violations. In one instance the note charged that "the American plane which had committed the violation fired two or three machine-gun bursts at the Soviet [intercepting fighter] planes."]

In communicating the foregoing, the Embassy, on instructions from the Soviet Government, insists upon a careful investigation of the said facts and expects the Government of the U.S.A. to take the necessary measures for the prevention of similar violations in the future.

WASHINGTON, July 8, 1948.

361.1115/7-1448: Telegram

The Ambassador in the Soviet Union (Smith) to the Secretary of State

CONFIDENTIAL

Moscow, July 14, 1948—1 p. m.

1318. Proposed action re US citizens unable depart from USSR and US citizens held for forced labor in USSR is subject. Reference Embassy unnumbered despatch April 6 transmitting copies my letters to Vyshinski dated March 29 re this topic.¹

As Department aware, Embassy has repeatedly taken up with Foreign Office question inability US citizen not documented as Soviets depart from USSR. I have written personal letters and have discussed problem with Vyshinski several times but to date no favorable action whatsoever has been forthcoming. Since further representations here would appear useless and even embarrassing, I suggest next step in handling this problem should be discussion between Department and Soviet Embassy Washington. Personal approach Secretary of State to Soviet Ambassador² would be most effective and would undoubtedly impress Soviet Government our determination follow

¹ Not printed.

² Alexander Semenovitch Panyushkin.

matter to conclusion. Department press release following such interview would also be desirable.³

I believe questions US citizens held for forced labor and US citizen children are matters which Embassy can usefully continue to press here.

Re first category, no action will be taken pending receipt Department's instructions on possible exchange Soviet citizen prisoners US zone Germany for US citizen prisoners USSR as proposed Embassy despatch 355 April 17.⁴ Again urge approval this proposal.

If Department approves suggested approach Soviet Embassy Washington [,] Embassy will prepare complete background information and transmit via airpouch. Advise.⁵

SMITH

³ A statement by Ernest A. Gross, the Legal Adviser for the Department of State and alternate United States representative to the third regular session of the General Assembly, was made in the Legal Committee (Committee 6) of that body on December 1, 1948, and was released to the press by the United States delegation on that day. In this statement Mr. Gross reviewed in detail the difficulties experienced for many years on these subjects with the Soviet Union. He declared that the United States delegation agreed in principle that "the acts of the Soviet Union in denying the right of the wives, both of diplomats and of foreign citizens, to depart from its territory violate the fundamental principles of the Charter" of the United Nations. For the text of this statement see Department of State *Bulletin*, December 26, 1948, pp. 798-801.

⁴ In despatch 355, April 17, Ambassador Smith developed suggestions for the possible exchange of Soviet citizens who were serving prison terms in the United States zone of Germany for some of the American citizens being held in the Soviet Union, who had been unsuccessful in obtaining exit permits for return to the United States. The Ambassador hoped that this proposal might furnish a possible means of assistance to American citizens in their endeavors. He concluded his proposal with these observations: "Appeals on humanitarian grounds and statements of American citizenship have proven equally unavailing in the past. Increased anti-American feeling here makes it more urgent than ever that any person holding himself out here to be an American citizen be allowed to depart. I believe that every method consistent with our law and principles should be brought to bear on this problem, and I accordingly recommend that this suggestion be given the earliest possible consideration, and that it be approved unless there are objections strong enough to justify our neglecting this possible means of assistance to our own nationals now prevented from returning to the United States." (361.1115/4-1748) During the year considerable thought was given to this possibility in Moscow, Berlin, and the Department of State.

⁵ See instruction 122, July 30, to the Ambassador in the Soviet Union, p. 906.

711.61/7-2048 : Telegram

The Ambassador in the Soviet Union (Smith) to the Secretary of State

SECRET

Moscow, July 20, 1948—noon.

1366. I have just read Wiley's ¹ telegram to Loy Henderson (Istanbul's 206, July 16 [15]²) and cannot refrain from saying a word in

¹ John C. Wiley was Ambassador to Iran.

² Not printed.

support of points Wiley makes. Realize we are likely to be criticized by certain sections of American press if we indulge in contest of polemics with Soviet Union but feel we tend too much toward attitude of dignified reticence and letting facts speak for themselves in face of completely false and malicious charges which are so frequently typical of Soviet tactics. While in most cases our comparative reticence gets support at home it is not understood in large sections of Europe where the charges are heard but the facts are unknown and even at home press which applauds our dignified position one day is first to lacerate us for failing to defend ourselves if reports from Europe make it appear Soviets scored a point in cold war. The example Tehran brings up is particularly flagrant because we are officially coupled with the Iranian Government in a Soviet allegation which is completely false.³ My own feeling is that we should go a good deal further than we have in past in rebutting constantly and vigorously false and vituperative allegations by the Soviet Union and that we should never under any circumstances refrain from immediate official rebuttal when as in the present case the allegation is made officially. Many times in conversation with Vyshinski and others, I have had the comment made to me, "You did not deny our statement so obviously it must be correct."

Sent Department 1366, repeated Tehran 19. Department pass Tehran.

SMITH

³ In his telegram sent from Istanbul, Ambassador Wiley referred "to the official charges brought by the Soviet Government against activities of our military missions in Iran" which had been categorically denied by Iran, but which were remembered nonetheless because the United States had remained silent. The Ambassador felt, however, that "for us to continue to maintain silence is innocently to collaborate with Soviet propaganda and imprudently to further Soviet designs." (761.91/7-1548)

861.404/7-2248 : Telegram

The Ambassador in the Soviet Union (Smith) to the Secretary of State

RESTRICTED

Moscow, July 22, 1948—6 p. m.

1392. *Pravda* July 22 carried Tass announcement results discussions current meeting heads Orthodox Church.¹ Topics discussed were: Re-

¹ The celebrations had begun on July 8 in Moscow in commemoration of the 500th anniversary of the autocephaly of the Russian Orthodox Church, with the concluding service in the newly restored Cathedral of the Assumption on July 18 at the Monastery of the Holy Trinity and St. Sergey in Zagorsk. The Embassy sent back reports about the crowded ceremonies attended by the highest officials of Orthodox churches. In telegram 1342 from Moscow on July 16, not printed, the delegates to the conference were said to have been much impressed "by extent and fervor religious belief here which they believe greatly increased in last two years." (861.00/7-1648)

lations with Vatican, oecumenical movement, Anglican hierarchy, Church calendar. "Unanimous" resolution adopted censuring Vatican for warmongering, anti-democratic and anti-national activities, especially against Slav people.²

Distinction stressed between guilty Catholic hierarchy and innocent Catholic masses. Resolution adopted opposing participation in August meeting World Council of Churches in Amsterdam on grounds meeting has chiefly political anti-democratic aims. Group also issued "call to Christians whole world" for struggle against warmongers. Tenor resolutions adopted on remaining issues not indicated.³ Signatories of all resolutions were Moscow patriarch, Georgian patriarch-Catholikos, Serbian and Rumanian patriarchs, Bulgarian exarch, Albanian bishop, Polish and Czechoslovak archbishops. (For list of delegations, see Embassy A-681, July 14.⁴)

Only non-orbit representative to sign all resolutions was Metropolitan Alexander Emessi⁵ on behalf Patriarchs Christopher of Alexandria and Alexander of Antioch.

Information reaching Embassy indicates although ostensible purpose meeting was celebrations Russian Church anniversary, delegates found themselves faced with above-mentioned ready-made agenda for discussion and resolution. When representatives Athens and Constantinople patriarchs refused attend discussions on grounds authorized only participate historical celebration, they were politely invited but not pressed attend as observers. Other delegates apparently did attend discussions as observers. Opening speech by Russian patriarch largely historical but concluding paragraphs noted and vehemently denied charges by "enemies of orthodoxy" and "of Russian people" that Russian Church attempts "subject sister churches to its influence, direction and domination."

Father Dzvovichik,⁶ dean New York Russian Orthodox Cathedral during Embassy call stated there had been no discussion regarding

² The Embassy sent later in despatch No. 665 from Moscow on Sept. 7 some of the publications of the Moscow Patriarchate Press which had been distributed to the delegates. One in particular, "The Vatican and the Orthodox Church" (Le Vatican et l'Eglise Orthodoxe) was judged as providing "further evidence of the use of the Russian Church to further the ends of Soviet foreign policy." (861.404/9-748)

³ By the time that the Embassy in Moscow sent despatch No. 625 to the Department on Aug. 23, not printed, it could express the judgment: "Both in its publications at the time of the conference and in its conduct of the actual meeting the Russian Church appeared to be pursuing a course parallel to that of Soviet foreign policy, seeking at the same time to consolidate its own influence in Eastern Europe and the Near East and to expand that influence also within the American continent." (861.9111/8-2348)

⁴ Not printed.

⁵ Corrected by the Embassy in its despatch No. 572 on July 26 to read Metropolitan Alexander of Homs; Alexander of Emessa, i. e., Homs (861.404/7-2648).

⁶ Archpriest Joseph Onisim Dzvovichik. He had been a delegate to the All-Russian local sobor in January-February 1945 which had elected Alexey as the Patriarch of Moscow and All Russia. See *Foreign Relations*, 1945, vol. v, p. 1118.

efforts Moscow Patriarchate to establish primacy over Constantinople Patriarchate. He understood efforts had been made include subject in agenda but on opposition from Constantinople patriarch topic dropped.

Sent Department 1392; repeated Istanbul 2; Athens 23.

SMITH

840.811/7-2648 : Telegram

The Minister in Austria (Erhardt) to the Secretary of State

SECRET

VIENNA, July 26, 1948—4 p. m.

943. Deldu 5 from Stevens.¹ Speculation on significance reemergence Malenkov² as Secretary Central Committee appears risky pending availability further evidence (Deptel 661 July 23³). Must be remembered Malenkov removal as secretary although repeatedly rumored was never confirmed and that he is co-signer with Zdanov⁴ of Cominform blast at Tito.⁵ While his relative influence seems to have decreased since end of war, fact that he was named number two Soviet delegate to Cominform last fall, that he reported to that body on status of All Union CP and that he received enviable task announcing end rationing last December all point to continued importance his position in Kremlin.

If as was assumed last fall Malenkov's role in Cominform is to serve as watchdog over Zdanov he may be in ideal position to exploit Zdanov's role in Tito fiasco. It may be assumed Cominform acted publicly only after Politburo clearance. Zdanov presumably advocated course which ended so disastrously for Kremlin prestige. If Malenkov took opposite line in Politburo or was even noncommittal he may be able divert to Zdanov's head lightning which must strike sooner or later and at same time save his own.

From all we know of Stalin's character he will not permit those responsible for Cominform policy toward Yugoslavia to go unpunished and violent reaction on his part might be signal for sweep-

¹ Francis B. Stevens, the Chief of the Division of Eastern European Affairs, was on his way to the Danube Conference in Belgrade as an adviser on the United States delegation.

² Georgy Maximilianovich Malenkov was a Secretary of the Central Committee of the Communist Party of the Soviet Union and a member of the Politburo, whose political influence was diminished after the war until a rapid recovery began in July 1948.

³ Not printed.

⁴ Andrey Andreyevich Zhdanov.

⁵ For documentation on the strained relations between the Soviet Union and Yugoslavia and the expulsion of the Yugoslav Communist party from the Cominform, see pp. 1054 ff. The communiqué of June 28 by the Cominform on this expulsion is printed in the Royal Institute of International Affairs (Margaret Carlyle, editor), *Documents on International Affairs 1947-1948* (London, Oxford University Press, 1952), pp. 389-397. Marshal Josip Broz-Tito was President of the Council of Ministers and Minister of National Defense of the Federal People's Republic of Yugoslavia.

ing purge of party ranks, both in Soviet Union and satellites. In this situation Malenkov with his undoubted talents for conspiracy and maneuverability might greatly strengthen his position.

Please repeat to Belgrade for me any telegrams throwing further light on Tito Cominform conflicts.

Sent Department 943, repeated Moscow as 22. [Stevens.]

ERHARDT

361.1115/4-1748

The Secretary of State to the Ambassador in the Soviet Union (Smith)

SECRET

WASHINGTON, July 30, 1948.

No. 122

SIR: Reference is made to your despatch No. 355 dated April 17, 1948¹ suggesting that the repatriation of Soviet citizens living in the U.S. Zone of Germany be placed on an exchange basis for American citizens held in the Soviet Union.

The Department appreciates your desire to bring about the repatriation of American citizens held in the Soviet Union and has given sympathetic consideration to the suggestions presented in your despatch. However, for the reasons outlined in the two following paragraphs, it is believed that there should be no change at the present time in this Government's repatriation policy for non-criminal displaced persons and that forcible repatriation should not at any time be imposed upon any one.

It is believed that the placing of voluntary repatriation on an exchange basis except as indicated below might be open to question as a departure from this Government's policy of facilitating the voluntary repatriation of displaced persons, and as giving support to unfounded charges by the Soviet Government that the United States is preventing the repatriation of Soviet citizens who desire to return to the Soviet Union. It is the opinion of the Department, however, that, until it is determined whether a reciprocal exchange can be achieved on the limited basis indicated below, it is not necessary or desirable to formulate a definitive conclusion on the question of whether the voluntary repatriation of non-criminal displaced persons should be placed on an exchange basis.

It is believed that the *forced* repatriation of any category of displaced persons would be an undesirable departure from the present repatriation policy of this Government. In this connection your attention is called to the fact that the United States Immigration officials

¹ Not printed ; but see footnote 4, p. 902.

do not deport either criminal or non-criminal persons to countries where they would be subject to political persecution.

The Department has given favorable consideration to your suggestion regarding an exchange of criminal displaced persons of Soviet citizenship who volunteer to return to the Soviet Union for American citizens held in the Soviet Union. It is believed that the Soviet Government would be more disposed to give favorable consideration to such a proposal if it is confined initially to American citizens with no claim to Soviet citizenship. If success is achieved with regard to American citizens for whom the Soviet Government has no citizenship claim, it would then be open to this Government to submit proposals regarding dual nationals, provided a decision to this effect were reached.

The Department agrees with you that in the light of past experience it can be assumed that there is little chance that persons repatriated to the Soviet Union would be able to leave and thus be in a position illegally to reenter the U. S. zone.

Baltic States displaced persons who are criminals may be included in this proposal since it is believed that this voluntary repatriation exchange would not prejudice the United States Government's policy with regard to the nonrecognition of the incorporation of the Baltic States into the Soviet Union.²

It is requested that you take this matter up with the U. S. Political Adviser at Berlin³ with a view to reaching an agreement with General Lucius Clay⁴ with respect to the categories of criminals to be covered by the proposal, the methods of putting the proposal into effect and where the exchanges should take place, due consideration being given to whether it would be more desirable to arrange the exchanges in a place of U.S.-Soviet zonal contact such as Helmstedt instead of Berlin.

In the event that it is decided that the proper approach to the Soviet authorities would be through formal diplomatic channels rather than by arrangement with Soviet Repatriation Officers, you are requested to make appropriate representations to the Soviet Government with a view to arranging for the exchange of criminal displaced persons volunteering for repatriation to the Soviet Union for American citizens held in the Soviet Union.

Since the foregoing recommendations do not involve any basic change of policy with regard to the question of volunteer repatriation, the Department has not considered it necessary to take up the matter with the Department of the Army. Should you proceed on the basis

² For the statement of July 23, 1940, by Acting Secretary of State Sumner Welles, see *Foreign Relations*, 1940, vol. I, p. 401. See also vol. III, pp. 329-330, 358, 363, 377-379.

³ Robert D. Murphy.

⁴ United States Military Governor for Germany.

of these recommendations and should General Clay consider it necessary to refer the matter to the Department of the Army, the Department of State will support this position with that Department.

Your views with regard to the Department's recommendations would be appreciated.

Very truly yours,

For the Secretary of State:

CHARLES E. BOHLEN

[*Counselor of the Department of State*]

701.0961/8-248: Telegram

The Ambassador in the Soviet Union (Smith) to the Secretary of State

[Extract]

RESTRICTED

Moscow, August 2, 1948—6 p. m.

1504. While no official notice as yet received from Foreign Office, Soviet customs administration has notified Embassy orally Soviet decision grant additional customs exemption quota 300,000 rubles for calendar year 1948 and demanded we immediately proceed remove goods from customs warehouse or ship out of country. Additional quota plus unused balance 250,000 rubles remaining seems enough, according our best estimates, cover most goods now in customs with exception of order belonging MA consisting mostly of blank paper and supplies on which duty is exorbitant (estimated duty on latter alone is 675,000 rubles which is far beyond quota now available). MA states further that these supplies were ordered long ago in anticipation of expansion instead of contraction and are not now needed since six months to year's stock now on hand.

I therefore propose to ship these supplies as well as a small quantity of unessential State Department supplies to Helsinki for storage and redistribution to other offices or eventual re-forwarding to Moscow, as need arises, either by courier or incoming personnel with *laissez-passer*, or under next year's quota. The remaining goods I shall start clearing immediately in accordance, so far as possible, with following plan: (a) general priority to articles of large bulk relative to value; (b) specific priorities as follows: (1) essential official supplies, (2) commissary staples, (3) private shipments (mostly potables for which equitable distribution scheme is being worked out), (4) commissary de luxe items.

Although impossible estimate with accuracy duties to be charged against quota, we are working on basis following: (1) essential official supplies: 105,000 rubles; (2) commissary staples: 365,000; (3) private shipments 70,000 rubles; (4) emergency quota retained 10,000.

While it is estimated that the quota of 550,000 rubles will approximately cover goods remaining in customs, with possible exception category (4), any goods remaining after the quota has been exhausted (except for small quota retained for emergency shipments during balance calendar year) will also be shipped Helsinki for storage and possible reforwarding.

Same complex problems should not arise again, if, as we must assume, customs quota granted for 1949 same as total now granted 1948. In future we will be able carefully estimate requirements and institute appropriate regulations controlling commissary and private shipments in order to ensure optimum use quota.

While going ahead with clearance goods, we are attempting get formal confirmation from Foreign Office and shall continue to press for broader interpretation "official supplies" as well as for authorization for individual staff members to import outside Embassy quota against payment of duty.

SMITH

761.00/8-748 : Telegram

The Ambassador in the Soviet Union (Smith) to the Secretary of State

• TOP SECRET

Moscow, August 7, 1948—3 p. m.

1556. Embassy has long considered likelihood of Soviets turning to Far or Middle East if temporarily stopped in west Europe (JIC study, EmbTopSec despatch 315, April 1, 1948). While we are inclined agree with Bevin (London's 3545, August 6 to Dept ¹) that at present Middle East more likely target than Far East, it seems to us even here that such action likely be covert rather than overt. Soviets position for any direct action has deteriorated due Yugoslav defection and failure Markos in Greece, while at same time Palestine has opened up opportunities for exploitation which will not be neglected.

Presumably tactics for both Iran and Palestine will be those already in use: Infiltration and subversion, plus in case of Iran, diplomatic and propaganda pressure. Overt action would be more difficult, risky and probably less profitable in long run than steady progress toward Communist objectives. Only indications of weakness on part Iran Govt would be likely tempt Soviets and thus change this picture in near future and that is, therefore, greatest danger from west point of view.

Overt action in Far East appears even less probable at present time. Chinese Communists apparently have their own troubles (food, am-

¹ Not printed.

muniton, administration, etc) and a tremendous task ahead. All indications point to Soviet desire encourage them continue build up and consolidate own strength, lead CP movements southeast Asia, and work toward substituting "coalition" govt for Chiang² regime. Setting up independent Communist China regime would still be premature and this or other overt action Far East would involve unnecessary risks and win little benefits for Soviets. Our best guess is that Soviets hope for (1) collapse Chiang regime and (2) coalition govt which CCP can eventually dominate. Only if (2) becomes impossible and new anti-Communist regime comes into being will separatist move be considered.

Sent Dept 1556, Dept pass Tehran 23, Nanking 18, London 122.

SMITH

² Generalissimo Chiang Kai-shek was President of the Republic of China.

760c.6215/8-2148: Telegram

The Ambassador in the Soviet Union (Smith) to the Secretary of State

SECRET

Moscow, August 21, 1948—11 p. m.

1700. Polish-German border issue undoubtedly continues to provide Kremlin planners with unpleasant choice of alternatives. Warsaw's 1049 to Department August 2¹ summarizes clearly reasons why Soviets must seriously hesitate over rectification present Oder-Neisse line in favor of irredentist feelings which so strongly impair Soviet-Communist cause in Germany.

Besides recent Praha reports suggesting some deal may be imminent (Depinfotel August 3¹), there were evidently similar reports inside Germany a few months ago of secret negotiations between Soviet, Polish, and German Communist representatives. On other hand, Warsaw conference communiqué² only last June categorically reaffirmed present frontier as "immoveable frontier of peace". On balance, we incline to view no Soviet move to be expected for time being. If Western powers should be forced out of Berlin and, following establishment of Western German government, Communist-dominated government be established in northeastern Germany, latter's prestige and attracting power throughout the country might be vastly increased by return of part of this area. While present degree of Communist consolidation in adjacent satellite Slav states permits Kremlin somewhat greater latitude than before in considering what would amount in Polish eyes to another partition of Poland, it seems likely that this step would be taken only if and when it were considered of decisive importance in

¹ Not printed.

² See the editorial note, vol. II, p. 370.

winning German objectives. As in case of Trieste, Western powers possess here an issue so embarrassing to Soviet cause they should keep it alive whenever opportunity permits.³

Sent Department 1700; repeated Berlin 322, London 155, Warsaw 58. Department pass Berlin, London, Warsaw.

SMITH

³ Later in telegram 2442 from Moscow on October 25, Ambassador Smith further stated: "We thus disagree with apparent thinking some British and French circles that West might as well approve Oder-Neisse line now as there is nothing we can do to change it. As indicated mytel 1700 August 21, we think this issue should be kept alive on account of its importance to our German objectives and embarrassment to Soviets. Argument that we cannot do anything about it and should therefore acquiesce is no more convincing as regards Oder-Neisse line than many other issues within satellite areas which we continue to condemn despite present inability alter them." (760c.6215/10-2548)

461.11/9-1348

*The Ambassador in the Soviet Union (Smith) to the Deputy Minister for Foreign Affairs of the Soviet Union (Vyshinsky)*¹

Moscow, August 25, 1948.

EXCELLENCY: I have the honor to refer to the periodic reservations by my Government of American rights and interests arising out of actions of Soviet authorities affecting property rights, whether by nationalization, confiscation, or otherwise, in the Soviet Union, in Soviet administered territory, or in territory under control of Soviet authorities or agencies.

My Government has instructed me to inform Your Excellency that the Government of the United States has reserved, and will continue to reserve, American rights and interests, under the accepted rules of international law, as to such property rights, despite the fact that Soviet legislation makes no provision for compensating the American owners of the affected properties. After the most careful consideration and study of the recent replies of the Soviet Union to the inquiries of my Government as to the status of the property of American nationals, my Government is compelled to observe that while such replies recite that under Soviet law compensation is not afforded, they are incomplete in that they are silent as to the pecuniary obligations of the Soviet Union to my Government and American nationals under international law.

In this connection my Government has instructed me to point out that my Government, in connection with its own responsibilities, ex-

¹ A copy of this note was enclosed with despatch No. 677 from Moscow on September 13. The text of the note had been sent in the Department's instruction No. 114 to Moscow on July 12. It was presented at 1 p. m. on August 25.

tends to the Soviet Union and Soviet nationals the rights and benefits accorded them under international law and, accordingly, desires an expression of views from the Soviet Union as to whether it recognizes the generally accepted and reciprocal rule among nations that just, adequate, and effective compensation is to be promptly made by a Government which nationalizes, confiscates, or otherwise interferes with the property of another Government or of its nationals.² My Government has instructed me to invite Your Excellency's attention to the fact that the references made by the Soviet Union, in its written replies to my Government's inquiries, to the provision of Soviet municipal law that land is the property of the State and that Soviet municipal law does not provide for compensation to Soviet citizens or others, do not affect the obligation, under international law, of the Soviet Government to my Government where the property of American nationals has been nationalized or confiscated.

Assuming that the Soviet Government does recognize the long existing and universally entertained international rule as to just, adequate, and effective compensation where property has been nationalized, confiscated, or otherwise interfered with, and in the absence of a local remedy providing for such compensation in the Soviet Union, my Government instructs me to inquire whether conversations may not ensue between our Governments as to the most feasible method of now preparing and presenting to the Soviet Government the formal diplomatic claims of my Government arising out of the actions of the Soviet Government.

Accept [etc.]

W. B. SMITH

² In a memorandum of October 4 to G. Frederick Reinhardt, the chief of the Division of Eastern European Affairs, Samuel Herman, assistant to the Legal Adviser, commented: "The note states a hitherto uncontroverted proposition of international law. It asks if the Soviet Union concurs in principle and invites discussion. Some thirteen years have elapsed since the breakdown of the claims settlement negotiations of 1934-1935. At that time the Soviet Union concurred in principle. The claims feature of the Roosevelt-Litvinoff agreements of 1933, attendant upon recognition, has been partially executed by the Litvinoff assignment. A fund under the assignment continues to accumulate in the Treasury. The remainder of the settlement remains unnegotiated and unsettled." (461.11/8-2648)

800.00b/8-3148 : Telegram

The Chargé in Poland (Crocker) to the Secretary of State

RESTRICTED

WARSAW, August 31, 1948—noon.

1155. Information on proceedings World Congress Intellectuals requested by Department as of particular interest submitted herewith.¹

¹ The World Congress of Intellectuals met in Wroclaw (Breslau) between August 25-28, 1948. The Department's request for information was in telegram 495 of August 19, not printed.

a. Embassy has no evidence of any link between Congress and Cominform.² Available evidence supports conclusion that Congress almost entirely of Polish inspiration to which French induced lend some support. It was not organized or held as CP spectacle and many non-Communists participated. Though line advanced in proceedings by Polish delegates followed in general Soviet and hackneyed CP line, our observers believe Poles were noticeably more restrained than Soviets and report that opening solies [*sallies?*] of Fadiev³ and tactics and behavior USSR delegation throughout were source dismay to Polish delegation and Polish organizers. Fact that Soviets adopted belligerent and intransigent attitude from outset and thus split Congress against wishes of Poles indicates there was no particular coordination between Poles and Soviets preliminary to or during Congress and that it was not considered by Poles as Party affair. Our observers believe Poles had hoped for unanimous approval main resolution with possible incorporation therein of expression of approval of Oder-Neisse frontiers but that Soviet tactics made such impossible of attainment to disappointment Poles. Lack unanimity purpose and front between Poles and Soviets plus fact reported by Embassy Moscow that Soviet press did not mention Congress until August 18 appear negate connection with Cominform and confirm our belief that Soviets and Poles were not more than casually coordinated.

b. There remains possibility that framework of permanent liaison committee established by Congress and national committees provided for in resolution (Embels 1143 and 1144, August 29⁴) may envisage some loose type organization among left-wingers intended for political action and utterances. As such it would not parallel or compete with UNESCO since objective would not be objective discussion cultural problems. Closest observable analogy might be independent citizens committee of arts, sciences and professions in US headed by Jo Davidson.⁵ Before Congress opened Huxley⁶ informally discussed possibility welding world intellectuals into group which would be

² The Chargé added in telegram 1165 from Warsaw on September 1, not printed: "Although as previously reported we believe there was no organizational link between it and Cominform, recently concluded World Intellectual Congress Wrocław is perfect example of ability small core hard-shelled Russian Communists to dominate large group of generally well-intentioned but vaguely oriented 'dogooders' and to pervert purpose and thoughts of majority." (800.00b/9-148) Ambassador Caffery, however, reported from Paris in telegram 4890 on September 17 that, judging from the evidence available there, an "organizational link" did exist between the Congress and the Cominform. (800.00b/9-1748)

³ Alexander Alexandrovich Fadiev was a prominent Soviet writer and novelist, whose novel *The Young Guard* had recently come under attack in the Soviet Union.

⁴ Neither printed.

⁵ A well-known American sculptor.

⁶ Julian S. Huxley, the British biologist and author, president of the United Nations Economic, Scientific and Cultural Organization, shared the chairmanship of the Congress with the French scientist Mme. Irénée Joliot-Curie, and a member of the delegation from the Soviet Union.

affiliated with UNESCO and UN but his disillusionment with Congress set in almost immediately and it was not proposed. It is understood that Soviet Union delegation opposed idea. Our observers inclined to belief that Soviet delegation regarded Congress as one-shot propaganda show. Kahn⁷ suggestion that similar national congresses be held throughout world incorporated into Congress resolution and as result thereof echoes of their solution may hereafter be heard in those countries where congresses are organized but they will almost certainly be purely political and pro-Communist in approach and tone.

c. Communist expressions did not attain theoretical or objective level but were almost exclusively limited to stark Soviet propaganda and political line that all things American and bourgeois were inferior to culture and attainments of Soviet Union. Charges and accusations were broad and brutal rather than factual or constructive.

d. Only UNESCO personnel identified with Congress were Huxley and E. J. Carter, UK delegate and UNESCO director of libraries. Carter did not figure in proceedings. Huxley conducted himself well throughout. Startled at outset by flagrant and unexpected political aspect of gathering, he overcame reluctance to compromise his own international standing and that UNESCO by making at end third day vigorous and earnest plea for mutual accommodation and understanding of conflicting attitudes. When these overtures rejected by Zaslavsky⁸ in angry taunting speech Huxley departed Congress quietly and with dignity. He earlier submitted a well-conceived resolution assigning to UN a major responsibility in maintaining world peace which was not considered.

e. Neither UNESCO nor UN as such mentioned by Communist delegates. Whole tenor their discussions favored development local cultures based on national independence and sovereignty. Since UN and UNESCO represent efforts to achieve supernationalism [*supra-nationalism?*] in political and cultural fields they were ignored. US was principal target of abuse. General attitude was that USA imperialism in political, financial and cultural fields constituted greatest threat to peace. Subsidiary theme was that US preparing for war. Fact that final resolution did not specifically name US as provided in original draft attributable to objections US and British delegations and Polish willingness to compromise in effort achieve unanimous approval of a resolution.

f. Official Congress publication lists 385 delegates from 38 delegations including 26 recognized nations and 6 colonial dependencies.

⁷ Albert E. Kahn, Assistant Professor of Economics in Cornell University.

⁸ David Iosifovich Zaslavsky was a prominent, frequently unrestrained Soviet newspaper correspondent and writer.

Delegations also represented republican Spain, democratic Greece, "liberated" China, Vietnam, Soviet zone Germany and Portuguese in exile in France. Largest delegations from Poland 53, UK 43, Italy 37, USA 32, France 27, Czecho 24, and USSR 19.

CROCKER

800.01b11 Registration/10-148

Memorandum by the Associate Chief of the Division of Eastern European Affairs (Hooker)¹

SECRET

[WASHINGTON,] September 1, 1948.

I understand that Peyton Ford, Assistant Attorney General, called Mr. Lovett yesterday and referred to a recommendation by J. Edgar Hoover² that the activities of Amtorg should be in substance transferred to the Soviet Embassy. This would amount to a reversal of the Department's policy in accordance with which the Soviet Union was requested to transfer the activities of the Soviet Purchasing Commission to Amtorg.³ This transfer has been accomplished in substance, and the only employees of the Purchasing Commission who remain are a few who are winding up lend-lease accounting. The reason for wishing to close up the purchasing commission's activities was because they enjoyed certain diplomatic privileges and immunities (the extent of which was never clearly defined) among which was immunity to suit. Amtorg was incorporated in the United States (New Jersey,⁴ I believe). It was considered to the interests of American businessmen that the Soviet Union's commercial activities in this country should be carried on by an organization which would be subject to court action. If the activities of Amtorg were transferred to the Soviet Embassy, we would have in substance a reversal of this position with the result that the Soviet commercial activities would then be carried on by persons enjoying diplomatic status.

For your information I attach the only papers remaining in my file which deal with this subject. You will note that the policy of disestab-

¹ This memorandum was directed to William J. McWilliams, who was assistant to the director of the Executive Secretariat, Department of State.

² Director of the Federal Bureau of Investigation, Department of Justice.

³ The Government Purchasing Commission of the Soviet Union in the United States had been appointed on February 27, 1942; see the memorandum of a conversation with Litvinov on March 2, and footnotes 71 and 72, *Foreign Relations*, 1942, vol. III, p. 696. In 1946 the Department of State had begun the policy of asking for the disestablishment of wartime purchasing commissions on the part of those governments which had these missions. The text of the *aide-memoire* originally sent on April 2 is printed *ibid.*, 1946, vol. x, p. 1395, and footnote 1.

⁴ The Amtorg Trading Corporation, the official purchasing and sales agency in the United States of the Soviet Union chartered in 1924, and its predecessor the Produce Exchange Corporation (Prodexco), were apparently incorporated in New York.

lishing purchasing commissions was not confined to the USSR, but that *aide-mémoires* were sent requesting the disestablishment of all of the the foreign purchasing commissions in this country. I would appreciate it if you would return the attached papers to me at your convenience.

ROBERT G. HOOKER, JR.

861.00/9-448 : Telegram

The Ambassador in the Soviet Union (Smith) to the Secretary of State

CONFIDENTIAL

Moscow, September 4, 1948—9 p. m.

1868. Zhdanov's death last Tuesday, August 31,¹ marked only third vacancy in almost decade in all-powerful Politburo—other two vacancies having resulted in like manner by death in 1945 of Shcherbakov,² head of wartime political administration of Red Army and chief Moscow party organization, and by passing of Kalinin³ in 1946, old Bolshevik and titular chief of Soviet state. Neither of these at time of death, however, could be said to have occupied such leading position or exercised such profound influence within party as—in words of his official obituary—"the loyal disciple and companion in arms of great Stalin", Comrade Zhdanov. Although his highest government office was Deputy of Supreme Soviet, honors paid him at state funeral equalled those bestowed upon Kalinin when all leading members of party and state led by Stalin followed on foot caisson bearing body the kilometer distance from Hall of Columns to Lenin's tomb on Red Square.

There eulogies delivered by Molotov, in behalf party's Central Committee and Council of Ministers, by Popov⁴ in behalf workers of Moscow, by Popkov⁵ in behalf Leningrad's workers, and by Marshal Govorov⁶ for armed forces served to repeat brief description of

¹ It was stated in Ambassador Smith's telegram 1838 from Moscow on September 1, not printed, that Andrey Aleksandrovich Zhdanov had died of heart failure, and that *Pravda* for this date had carried his obituary and other messages in an article extending three pages. An imposing state funeral was held in the Red Square in Moscow on September 2. (861.00/9-148)

² Alexander Sergeyevich Shcherbakov, Colonel General, had been chief of the Main Political Administration of the Red Army and an alternate member of the Politburo. He died on May 10, 1945. See *Foreign Relations*, 1946, vol. VI, footnote 5, p. 673.

³ Mikhail Ivanovich Kalinin had resigned on March 19, 1946 as chairman of the Presidium of the Supreme Council of the Soviet Union because of ill-health, and had died on June 3. See *ibid.*, p. 719.

⁴ Georgy Mikhailovich Popov was secretary of the Moscow Committee of the Communist Party, among other positions.

⁵ Peter (Pyotr) Sergeyevich Popkov was secretary of the Leningrad Committee of the Communist Party, among other positions.

⁶ Leonid Alexandrovich Govorov, Marshal of the Soviet Union, was Deputy Minister of the Armed Forces. During the war his troops had been engaged in the successful defense of Leningrad during its siege.

Zhdanov's life in party and work as outstanding Marxist theoretician and propagandist which had been contained in published obituary of day before signed simply by 18 comrades including the 13 surviving members of Politburo. According to this outline Zhdanov's father (as Lenin's) was inspector of public schools in Mariupol where Zhdanov was born in 1896. Entering revolutionary movement in 1912 at age 16 years and party three years later, he rapidly distinguished himself in party work in Tver (Kalinin) and Gorki (1924-1934) districts culminating in election as candidate member Politburo and Secretary Central Committee in latter year.

Kirov's assassination⁷ led to his appointment in 1934 to head Leningrad party organization which he "inspired and mobilized to destroy and extirpate the Trotsky-Zinoviev *double dealers* and traitors". That he performed his task well is attested by his election to full membership in Politburo and designation as chief of party's Agitation and Propaganda Administration 1939. It was during this period and until the war with Germany that Zhdanov's star shone brightest and speculation centered on him as heir-apparent to Stalin.

In popular mind Zhdanov's name is probably most closely connected with heroic defense of Leningrad for which he received rank of colonel general and many decorations. However he was abruptly relieved as head of Leningrad party in 1944 in circumstances indicating he was not in highest favor and that there was distinct desire in high circles that he should not receive public credit for saving Leningrad.

No mention is made in obituary of his term as head of Allied Control Commission in Finland. Instead remaining paragraphs proceed to mention his activities after war when "questions of ideological work became important in party life", including brief reference to his "brilliant reports on questions of literature, art, philosophy and on the international situation"—the only specific reference made here to his role as leading founder of Cominform in September, 1947.

It was particularly in last two years that Zhdanov's position as party's outstanding Marxist theoretician became established.⁸ His talents are bound to be missed in party and state affairs but his death at this juncture is not likely to have any effect on Soviet internal or

⁷ Sergey Mironovich Kirov who had been secretary of the Central and Leningrad Committees of the All-Union Communist Party, was assassinated on December 1, 1934. See *Foreign Relations, The Soviet Union 1933-1939*, pp. 300, 303, 379, and 380.

⁸ Zhdanov was described in despatch No. 698 from the Embassy in Moscow on September 22, 1948, not printed, as the chief Marxist theoretician and propaganda specialist in the Soviet Union—after Stalin himself. "After the war he became the driving force in a campaign to assert party control individually and in turn over each branch of Soviet arts and letters." His general objective was to eliminate western "decadent, idealistic and formalist trends" from Soviet arts and letters, and the adoption of a policy of increasing hostility and opposition to the influence cast by the former allies in the West upon life in the Soviet Union. (861.9111/9-2248)

foreign policies or party's ideological lines upon which Zhdanov would not have dared to pronounce without full approval by real ruler of Russia and international Communism—Stalin.

While cleavage between Soviet and Yugoslav parties has very likely become too deep for healing, it may be remarked especially view total absence so far any Soviet editorial comment on rift that if there existed tendency this direction Soviet circles, providence has provided in passing Zhdanov removal an important obstacle to reconciliation.

Who may succeed to his vacant chair at Politburo meetings is of course subject of much speculation. To Malenkov, already full member, may fall Zhdanov's role of leading party theoretician if we may rely on facts that with Zhdanov he was founder of Cominform and appears standing next to Stalin in significant pictures of funeral. G. M. Popov, Secretary of Central Committee, head of Moscow party organization and only non-member of Politburo to stand with Stalin and six others as honor guard before bier, appears likely prospect for election as candidate with Bulganin⁹ being made full member. Or choice may descend on Suslov,¹⁰ present chief Agitation and Propaganda and member Orgburo and reputedly Zhdanov's protege.

SMITH

⁹ Nikolay Alexandrovich Bulganin, Marshal of the Soviet Union, was Minister of Armed Forces and Deputy Chairman of the Council of Ministers. He became a full member of the Politburo in February 1948.

¹⁰ Mikhail Andreyevich Suslov was a secretary of the Central Committee of the Communist Party among other offices, and steadily became recognized as a distinguished party authority in ideological affairs.

811.42700 (R)/9-2348: Telegram

The Chargé in the Soviet Union (Kohler) to the Secretary of State

CONFIDENTIAL

Moscow, September 23, 1948—2 p. m.

2090. Accumulated evidence available to Embassy over recent months gives us impression Soviet urban living standard perhaps slightly better today than year ago (but nothing like fantastic claims of Soviet propaganda) and agricultural standard possibly below 1947. Continuing emphasis in agriculture and reemergence in industry of problem of labor discipline may reflect only present impact of originally planned program to reduce flow of purchasing power to level current consumer goods production. However possibility is even suggested to us that mid-year shift in basic policy to divert greater share national production to military production as consequence deteriorating international situation has necessitated additional deflationary measures.

This opinion based largely on such measures as huge "voluntary" state loan campaign, upward revision working norms, increased agricultural taxation, increased public utility rates, all accompanied by continuing pressure for greater production.

Recommend that Department accord priority to thorough study and analysis these developments. Whether or not study provides statistical substantiation above impressions, continuous nullification promises extended citizenry by Soviet Government at time of monetary reform and first quarter boast of 51 per cent in real wages is certainly open to wide exploitation through VOUSA and other media.

Naturally cognizance must be taken and due weight assigned December 1947 and subsequent price reductions. VOUSA line might offer opinion that several price reductions of more consequence than those cited would be necessary to compensate consumer for purchasing power recently lost and that many more would be required to place Soviet citizen on equal footing with western workers. Such line would undercut future propaganda claims of improved Soviet standard of living. Such claims may, of course, be expected, probably in form additional "price reductions" but evidence points to unlikelihood of anything really substantial in this line in foreseeable future.

Sent Dept 2090, repeated Paris 376 for Ambassador Smith, London 2340. Dept pass Paris and London.

KOHLER

761.00/9-2848 : Telegram

The Chargé in the Soviet Union (Kohler) to the Secretary of State

TOP SECRET

Moscow, September 28, 1948—noon.

2156. Main recent developments affecting Embassy's previous estimate Soviet willingness engage world hostilities near future (despatch 315 April 1) are presumable:

(a) Tito's revolt from Cominform fold; and (b) German developments and Berlin situation.

As indicated mytel 2141 September 26,¹ Tito-Cominform conflict probably not as likely to have adversely affected Kremlin's attitude towards war as has been generally believed.

Course of quadripartite negotiations Moscow regarding Berlin blockade certainly support our previous estimate that Soviets not expecting or planning resort actual hostilities at this time, but are still hoping realize their objectives by means short of war. These negotiations also suggest Kremlin convinced Western Powers will not risk use of force to break Berlin siege. However, present Berlin situation con-

¹ Not printed.

tains grave implications inevitably connected with irresistible force (Soviet squeeze) meeting immovable (western determination plus air-lift), with resultant dangers of serious incidents and possibly eventual explosion. In addition, present program western occupation powers has brought Soviets face to face with prospect of unified western Germany, including vital Ruhr, from control of which SMA completely eliminated, and tied into western bloc and its gradual economic recovery. Kremlin must view such development not only as increasing barrier to realization Soviet-Communist objectives outside satellite areas but even as growing threat to Soviet bloc security. Hence Soviet leadership may now be somewhat more inclined than previously to accept inevitability of near future actual hostilities. On both counts therefore, Berlin-German developments have probably increased danger of Kremlin's resorting war.

Though our lead in atomic warfare possibilities is presumably still a key factor in deterring Soviets, and they must also realize their inability carry through any such war to decisive successful conclusion, danger exists, in addition above considerations, that prospect of growing western power, both military and economic, might induce decision that it's "now or never", in expectation that hostilities now would at least forestall this growing western strength and establish impregnable Communist bloc throughout European continent, strategic Near East and continental Far East, from which bases capitalist enemy could be contained and gradually reduced in his remaining areas control.

While past record European military campaigns suggests attack would normally not be launched during winter months, and there are still no signs of sizeable Soviet build-up for operations such magnitude, Red Army could secure immediate objectives without difficulty any time during coming winter, particularly in view bad flying weather and present availability Soviet equipment suited winter operations Europe as contrasted western difficulties in latter connection.

On whole, review confirms our basic conclusion last April that "Soviet Union will not deliberately resort to war in immediate future but will continue to attempt to secure its objectives by other means." However, developments meanwhile seem to us to have brought nearer conditions which might impel Kremlin decision to undertake war and we accordingly believe next six months or year probably critical in deciding this issue.

Above estimate worked out in conjunction MA, NA and AA; Dept please pass to Depts of Army Navy Air Force.

Sent Dept as 2156, Dept pass London as 243, Paris for Gadel as 402, Berlin as 419.

KOHLER

861.111/10-148 : Telegram

The Chargé in the Soviet Union (Kohler) to the Secretary of State

RESTRICTED

Moscow, October 1, 1948—7 p. m.

2213. Foreign Office circular note (No. 1130/PR dated September 30) refers to Foreign Office note of May 16, 1941¹ in terms indicating latter is still considered in effect, and in supplement thereto transmits new and greatly expanded list on points and localities in or to which travel is prohibited for members of the staffs of foreign missions and consulates. For all practical purposes list covers entire USSR principal additions being newly acquired territories such as Sakhalin.

Footnote to list reads as follows:

"In the Moscow oblast the movement of members and workers of embassies, missions and consulates is permitted without prior notification to the responsible organs of USSR Foreign Minister or Minister of Armed Forces within a radius of up to 50 kilometers from Moscow, with the exception of the following districts (*raions*) of the Moscow oblast—Dmitrov, Zvenigorod, Kuntsevo, Krasnogorsk, [Krasnopolyansk,]² Podolsk, Ramenskoe, Tushino, [Khimki,] Shchelkovo, which are prohibited areas.

"As an exception trips are permitted to the cities of Klin and Zagorsk, as well as to Yasnaya Polyana (Tula oblast) on condition of following the principal auto highways and with previous notification about the trip to the responsible sections of the Ministry of Foreign Affairs or Ministry of Armed Forces."

Embassy comment follows. Full note being transmitted air pouch.³

KOHLEH

¹ *Foreign Relations*, 1941, vol. I, p. 881. Reciprocity was imposed by the United States in the note of June 7; *ibid.*, pp. 883-884. Regarding the withdrawal of these limitations by the United States, see the note of July 23; *ibid.*, p. 902. For additional details, see Index, p. 1043.

² The names of two *raions* of the Moscow oblast which are here included within brackets were supplied from the text of the note.

³ Despatch No. 716 from Moscow on October 2, 1948 is not printed (861.111/10-148). See the text of the note as printed in Department of State *Bulletin*, October 24, 1948, p. 525, and footnote².

861.111/10-248 : Telegram

The Chargé in the Soviet Union (Kohler) to the Secretary of State

SECRET

Moscow, October 2, 1948—6 p. m.

2229. While ominous parallel may be easily drawn between imposition of travel restrictions of members foreign missions and consulates in USSR on May 16, 1941, and reimposition these restrictions in expanded form on September 30 (reEmbtel 2213, October 1, repeated Paris as 423), I do not think conclusions Embassy on possibility future

Soviet moves as previously reported Department are altered thereby. No doubt this Soviet action is connected with general international situation and they are taking precautions. However, since end June this year Soviet authorities have "unofficially" applied restrictions on movements foreign mission personnel in environs Moscow which they now have officially imposed in writing.¹ General security precautions in light international situation would encourage Soviet authorities in desire keep to minimum movements foreign observers and fact that original decree had never officially been rescinded provided convenient opportunity. Moreover, measure seems logical development other xenophobic steps during past year such as state secrets decree,² ban on foreign marriages³ and decree regulating relations with foreign representatives in Soviet Union.⁴

Embassy does not know whether prohibition of travel to points and localities enumerated in list enclosed with September 30 note applies only to foreigners but assumes in absence of any decree published in Soviet papers that it does. Wartime restrictions on travel Soviet citizens on railways were publicly rescinded effective June 1, 1946 and since new list included practically entire area Soviet Union it would appear impossible that prohibition could extend Soviet citizens without formal publication. Reimposition of prohibited areas and travel restrictions with clear implication in September 30 note by reference to 1941 note that these limitations had never been rescinded should provide basis for asking pertinent questions of Soviet delegation at General Assembly in regard to Soviet conception of international control atomic energy.

Now that the Soviet Government has officially informed us of limitations placed on our movements, I believe we should retaliate in similar fashion by restricting movements Soviets attached to Soviet Embassy Washington and to Amtorg in New York. I hope Ambassador Smith available for consultation and believe he would concur in this recommendation. Embassy understands that Department for brief period in 1941 before German attack on USSR adopted pro-

¹ On July 1, 1948, the Embassy in the Soviet Union had sent a note No. 412 to the Foreign Ministry protesting the recent refusal to let members of the Embassy visit the famous author Count Lev Nikolayevich Tolstoy's estate at Yasnaya Polyana. (861.111/7-148) This note had not been answered by August 26, when the Counselor of Embassy Foy D. Kohler had a conversation with the Acting Chief of the American Section of the Foreign Ministry Vladimir Ivanovich Bazykin, when he objected to the restrictions being placed upon the movements of Embassy personnel. (861.111/8-2848)

² Decree of June 8, 1947; see telegram 2120 from Moscow on June 12; telegram 2123 from Moscow on June 12; and airgram A-1278 from Moscow on November 29, *Foreign Relations*, 1947, vol. iv, p. 569, p. 571, and p. 622.

³ Decree of February 15, 1947; see *ibid.*, footnote 1, p. 722.

⁴ Decree of December 16, 1947; see telegram 155, January 29, p. 798.

cedure restricting movements Soviets in USA and it is recommended that similar action be taken immediately.⁵

Sent Paris for Gadel 426.

KOHLER

⁵ In telegram 2218 on this same day, not printed, the Chargé noted that the stories written about this decree by newspaper correspondents had not yet been released by the censor. He consequently recommended that the Voice of America should at once reveal the information, including it in the broadcasts to the Soviet Union. He also suggested that the details be released to the press for the Sunday morning newspapers of October 3, and he saw no objection to specific mention that the censor had not passed the stories. (811.42700 (R)/10-248) The Chargé, however, reported in telegram 2245 from Moscow on October 4, not printed, that a note was being sent to the Ministry of Foreign Affairs requesting certain clarifications. In the meanwhile he proposed that "pending further developments possible retaliatory action be held in abeyance." (861.111/10-448)

361.1115/10-448

The Chargé in the Soviet Union (Kohler) to the Secretary of State

CONFIDENTIAL

Moscow, October 4, 1948.

No. 718

The Chargé d'Affaires ad interim has the honor, with reference to the Department's telegram No. 1130 of September 17, 1948¹ directing the Embassy to submit material regarding the problem of American citizens unable to depart from the Soviet Union and to previous correspondence on this subject, to submit the following report in explanation of the Embassy's desire to delay for a period of two months the submission of such material.²

In his letter of March 29, 1948, the Ambassador presented to Mr. Vyshinski, Deputy Minister of Foreign Affairs of the U.S.S.R., 13 cases involving 23 American citizens who, despite their Soviet documentation as stateless persons or as foreigners, had been unable to depart from the Soviet Union. In view of their documentation, their cases appeared to be excellent and the Embassy's telegram No. 1318 of July 14, 1948 to the Department, in which it was recommended that the Secretary of State approach the Soviet Ambassador in Washington regarding these American citizens, was based on this premise. However, since the Embassy's telegram of July 14, the policy of the Soviet Government has changed significantly in connection with these cases and many earlier decisions of the local Soviet authorities regarding the documentation of these American citizens have been

¹ Not printed.

² The Chargé, Foy D. Kohler, had declared in telegram 2074 from Moscow on September 21 that this desired delay was advisable so that the Embassy could study the latest Soviet policy and to enable it to "collect further data necessitated by recent Soviet actions." (361.1115/9-2148)

reversed. In some cases, the action of the Ministry of Foreign Affairs has been based on alleged fraud on the part of the individual in obtaining his documentation as a stateless person or as a foreigner. In other cases it has been stated that the individuals involved acquired citizenship of the U.S.S.R. by virtue of the fact that they were citizens of states subsequently incorporated in whole or in part into the Soviet Union and received the status of Soviet citizens in accordance with the decrees which made all citizens of these areas citizens of the Soviet Union. In this manner, of the 23 persons included in the Ambassador's letter of March 29, 12 have since been declared to be Soviet citizens, thus placing them in the status of dual nationals.

The Embassy believes that the Soviet Government's action on some of these cases can be contested effectively and, even though many of the remaining persons may be declared Soviet citizens, it is felt that, in the majority of such cases, it will be possible to refute or even to forestall the claims of the Soviet Government by the presentation of further evidence. The Soviet Government's new policy makes it necessary, however, to review as thoroughly as possible all of these citizenship cases in order to be absolutely sure of our ground before taking up the subject with the Soviet Ambassador in Washington.

[At this place three paragraphs have been left out in which technical details on a number of individual cases are discussed. Since sufficient time had not been possessed to make a thoroughly documented presentation, the Embassy requested another delay before sending completed briefs on these, and several special cases, to the Department.]

The Embassy believes that an approach by the Department to the Soviet Ambassador in Washington in regard to those cases in which, despite the assertions of the Ministry of Foreign Affairs to the contrary, the available evidence indicates that the individuals concerned are American citizens without the status of dual nationals will be well-warranted and may have some chance of success in effecting their repatriation. This conclusion is strengthened by the recent decision of the Soviet Government to grant an exit visa to Jeanette Stillman Brown. Although there are several interpretations which may be placed on the Soviet Government's action on this case, it would appear to indicate that there is at least some possibility of repatriating a person who can be clearly proved either to have had no citizenship other than American or to have lost any other citizenship which at one time he may have possessed.

In view of the manner in which the Soviet Government has reacted to the discussion regarding the Soviet wives of foreign citizens which is currently under consideration in the General Assembly,³ the Em-

³ See footnote 3, p. 902.

bassy now believes that it would be advisable to avoid publicizing any representations to the Soviet Ambassador while the matter is under examination by the Soviet Government. The vigorous Soviet reaction to the airing of the question of the Soviet wives, both officially in the General Assembly and indirectly through published letters from several of the Soviet wives of British and American husbands, has stressed the exploitation of this problem for anti-Soviet propaganda and underlines the characteristic unwillingness of the Soviet Government to admit an error or retract a policy once such decision or policy has become the subject of public controversy. In the event the problem here under consideration is similarly publicized, it is felt such action might destroy the possibility—however slight this possibility now appears—of favorable action on the part of the Soviet Government. As soon as the attitude of the Soviet Government has been made evident, there could then, in the probable event of an unfavorable reaction, be no objection or alternative to according the matter the fullest possible publicity.

The Embassy has not considered in this despatch the cases of persons whose status as dual nationals is clear and indisputable. As of September 28, 1948, the Embassy has received authority from the Department to document 268 such persons for direct travel to the United States when they are granted permission from the Soviet authorities to depart from the U.S.S.R. The overwhelming majority of these persons acquired Soviet citizenship involuntarily on the basis of their status as citizens of a third country, part or all of whose territory has been incorporated into the U.S.S.R.

Although the Embassy believes it would be preferable first to exhaust all possibilities of repatriating those persons unable to depart from the Soviet Union who do not have the status of dual nationals, it is probable that, at some future date, the Department will wish to undertake representations regarding the general subject of the treatment of US-Soviet dual nationals in the U.S.S.R. (see Embassy's airgram No. 645 of July 2, 1948⁴). An approach on this subject, while having, at least in the foreseeable future, little practical effect in facilitating the actual repatriation of dual nationals, would clearly be of worth in further educating public opinion regarding the U.S.S.R. Such an approach, if properly publicized and contrasted with the American policy of freely permitting the departure of any persons desiring to establish residence in other nations, would have the value of emphasizing before world opinion the Soviet policy of prohibiting the emigration of Soviet citizens regardless of the compelling reasons for such emigration or the manner in which Soviet citizenship was acquired.

⁴ Not printed.

861.111/10-648 : Telegram

The Acting Secretary of State to the Embassy in the Soviet Union

RESTRICTED

WASHINGTON, October 6, 1948—6 p. m.

1202. Reference restrictions as originally applied Emb stated "Authorities have made it abundantly clear that travel in the Soviet Union to the virtually all-inclusive enumerated areas is absolutely forbidden without prior official authorization" (Embtel 1025 May 22, 1941¹). Accordingly retaliatory restrictions provided Dept's note Jun 7, 1941 to Sov Amb required prior permission not merely notification for travel outside Washington and vicinity. Important have full clarification present practice (reurtel 2245 Oct 4²) in considering possible retaliation now. Proposed trip MA Stalingrad will not clarify this point since he had requested permission travel nor do queries contemplated note appear cover it.

Leningrad, Stalingrad, Odessa included in enumerated areas 1941 (Emb's 991, May 17, 1941³). Gilmore⁴ despatch today states Leningrad, Odessa not on restricted list but does not mention Stalingrad. Clarify.

LOVETT

¹ *Foreign Relations*, 1941, vol. I, p. 882.

² Not printed, but see footnote 5, p. 923.

³ *Foreign Relations*, 1941, vol. I, p. 881.

⁴ Eddy Lanier King Gilmore, foreign correspondent, chief of Associated Press Moscow Bureau.

711.61/10-948

Memorandum by the Deputy Director of the Office of European Affairs (Reber) to the Under Secretary of State (Lovett)

[WASHINGTON,] October 9, 1948.

Denis Allen, Counselor of the British Embassy telephoned me this morning on behalf of the Ambassador¹ to inquire as to the status of the story carried in this morning's press to the effect that the President had planned to send Chief Justice Vinson to Moscow on a special mission. Sir Oliver feels he must send some message to London in this connection and would be grateful if it were possible to let him know whether there is still a possibility that the special appeal might be

¹ Sir Oliver S. Franks.

made.² I told Allen that I should have to communicate with him later in the day but wonder whether you do not wish to call Sir Oliver direct.

SAMUEL REBER

² Following the premature disclosure in the press of this contemplated mission, it was decided that it would not be advisable to take this action and the prospect was dropped. For the statement by President Truman released to the press by the White House on October 9, and the statement by Secretary of State Marshall made at his press conference on that day, see the Department of State *Bulletin*, October 17, 1948, p. 483. For President Truman's own account of his idea to send Chief Justice Fred M. Vinson to Moscow for an informal exchange of views with Stalin, see his *Memoirs*, vol. II, *Years of Trial and Hope*, pp. 213-219.

811.2361/7-848

The Department of State to the Embassy of the Soviet Union

The Department of State refers to note No. 126 dated July 8, 1948 from the Embassy of the Union of Soviet Socialist Republics protesting an alleged violation of the Soviet frontier by three United States military aircraft over the island of Akiyuri Shima on February 14, 1948, as well as eight alleged violations of the north Korean boundary at the thirty-eighth parallel.

An investigation reveals that these allegations are groundless, with the following exception:

On March 28, 1948, at 12:11 p. m., a United States B-29 aircraft was intercepted in the vicinity of Haeju (Kaichu) by a Soviet fighter plane, which indicated that the United States aircraft was north of the thirty-eighth parallel. Upon realizing his error, the American pilot immediately corrected his course and flew south into the United States zone of Korea. The violation, which was unintentional, was caused by faulty navigation. Contrary to the allegation contained in the Embassy's note, no ammunition was expended by the United States aircraft.

The United States Government regrets this unintentional violation by a United States aircraft of the north Korean boundary at the thirty-eighth parallel. As the Embassy has been previously informed, American aircraft are under standing instructions to avoid any violation of the Soviet frontier. Similar instructions obtain with respect to the north Korean boundary.

On the basis of a thorough investigation, the United States Government must again reject the allegation reiterated in the Embassy's note that a United States aircraft violated the Soviet frontier on December 23, 1947 in the vicinity of Cape Chukotski.

At the same time the United States Government takes occasion to refer to the letters of May 17 and September 28, 1948 from the Commanding General of the United States Army Forces in Korea to the Commanding General of the Soviet Forces in north Korea, protesting a series of violations by Soviet aircraft of the south Korean boundary at the thirty-eighth parallel. The attention of the Soviet Government is also directed to the following violations by Soviet aircraft of the south Korean boundary, which were not listed in the letters under reference.

1. On April 22, at 4:05 p. m., four Soviet fighter aircraft violated the boundary at the thirty-eighth parallel in the immediate vicinity of Sokehangsung (Sekichosui) and then disappeared to the north.

2. On May 5, two Soviet MIG-3 fighter aircraft violated the boundary at the thirty-eighth parallel over Sokehangsung (Sekichosui) and Yonan and then disappeared to the north.

3. On May 19, at 11:20 a. m., one Yak-9 fighter aircraft piloted by Captain Ivan F. Osmakov, landed in south Korea near Yaju after violating the boundary at the thirty-eighth parallel and flying as far south as Taejon. Captain Osmakov then set fire to his plane.

The Soviet Government is requested to conduct a careful investigation of the foregoing violations, together with those described in the letters of the Commanding General of the United States Army Forces in Korea, and to take whatever steps may be necessary to avoid a recurrence.

WASHINGTON, October 14, 1948.

861.111/10-1948 : Telegram

The Ambassador in the Soviet Union (Smith) to the Secretary of State

[Extract]

CONFIDENTIAL

Moscow, October 19, 1948.

2381.

It is possible, of course, that Soviet authorities will adhere in future to their stated position that travel is permitted in areas of Soviet Union not included on forbidden list. We are inclined believe, however, that this is "honeymoon" period designed to overcome unfavorable VOUSA news break and give Soviet GADel ammunition for debates on disarmament and atomic inspection and control; also that timing measures may have been calculated on likelihood few diplomats would

take advantage travel during fall-winter season. While prior "permission" technically not required, it is clear Intourist¹ does not and will not make travel arrangements without clearance from Foreign Office. Consequently we are profiting to maximum during GA session and prior onslaught real winter, but believe real test of Soviet intentions in practice will only come next Spring and Summer.

Nevertheless fact remains that over 75 percent inhabitable area of nation covering one-sixth surface globe is forbidden territory for officials of foreign governments accredited that country and that special regulations are in effect which practically confine their everyday movements to Moscow city limits. Moreover, while foreign correspondents in Moscow have been unable get written confirmation, they have already learned in practice that local automobile restrictions are applied to them. In past they have never been allowed to travel outside auto range except with special permission and/or on specially conducted tours.

Embassy's recommendations on possibility retaliatory action in US will follow by despatch.²

Sent Department 2381, Department pass Paris for Gadel 495.

SMITH

¹ Intourist was the All-Union Society for Foreign Tourism in the Soviet Union, the official travel agency rendering transportation services and selling tours within the Soviet Union.

² The Embassy explained in despatch No. 801 from Moscow on November 13, not printed, that it had received a note from the Foreign Ministry dated October 27 which had contained some clarification of certain aspects it had inquired about in its note of October 4 (see footnote 5, p. 923). Meanwhile, a number of trips had been taken to areas not included on the forbidden list. The Embassy concluded in its despatch that it "has therefore preferred to postpone the formulation of its recommendations concerning possible retaliatory action in the United States on the movements of Soviet officials until the Ministry had clarified certain aspects of its original note." Since this had been accomplished, the Embassy expected to send to the Department in the near future "its views on the advisability of retaliation." (861.111/11-1348)

861.415/11-148: Telegram

The Acting Secretary of State to the Embassy in the Soviet Union

RESTRICTED

WASHINGTON, November 1, 1948—7 p. m.

1285. Send Shvernik¹ following through appropriate channels Nov 7 "On this national holiday of the Union of Soviet Socialist Republics I have been instructed by my Government to inform you that the

¹ Nikolay Mikhailovich Shvernik was Chairman (President) of the Presidium of the Supreme Council of the Soviet Union.

people of the United States send best wishes to the people of the Soviet Union."²

Above lieu usual telegram from President to Chief of State, and follows precedent recent Czecho national holiday.

LOVETT

² Raymond Douglas Muir, the chief ceremonial officer and assistant chief of the Division of Protocol, noted in a memorandum for the files of November 1 that inquiry had been made of the Division of Eastern European Affairs "whether any change would be made in the usual telegram of felicitation on the occasion of the Soviet Holiday and it was decided that in lieu of the usual telegram to the President of the Soviet Union a message would be sent through the American Embassy at Moscow conveying greetings to the President of the Soviet Union." This suggestion was reviewed at the White House, which agreed with the change. (861.415/11-148) In regard to the nature of the greeting sent in the previous year, see telegram 1919 to Moscow on November 5, and footnote 1, *Foreign Relations*, 1947, vol. iv, p. 606. By note No. 199 from the Soviet Embassy on November 18, 1948, Ambassador Panyushkin informed the Secretary of State that Chairman Shvernik "expresses the gratitude of the Soviet people to the people of the USA for the felicitations on the occasion of the National Holiday of the Union of Soviet Socialist Republics." (861.458/11-1848)

811.42700 (R)/11-448: Telegram

The Ambassador in the Soviet Union (Smith) to the Secretary of State

CONFIDENTIAL

Moscow, November 4, 1948—6 p. m.

2547. I heartily support vigorous line of direct attack in exposing Soviet methods, policies and ideology evident in recent VOA broadcasts and in public statements and speeches of our representatives in Paris¹ and political leaders at home. As seen from Moscow, good results already seem clear from defensive line Vishinsky and Soviet delegation have been obliged to adopt in Paris, and same could be said for Soviet efforts justify their position Berlin question. However, there is an essential corollary to this policy of which we have not, in my opinion, been making full and proper use. This is the old but effective tactical weapon of clearly distinguishing between ruler and ruled.

If in our broadcasts and public utterances we do not make this distinction, we tend to identify the policies and methods of the Soviet Government with the desires of the Russian people and thereby play directly into the hands of the Kremlin which, recognizing the importance of Russian public opinion, is engaged in colossal propaganda effort to ensure public support for its domestic and foreign policies. While concealing or striving to conceal from the Russian people the aggressive policies and actions which have aroused opposition and

¹ The General Assembly of the United Nations was meeting in Paris between September 21 and December 12, 1948.

counter-measures in the outside world, the Soviet leaders seize upon these latter manifestations to persuade the public that they are directed against the Russian people. To counter this Soviet objective we should always place the blame and responsibility where it belongs—i.e., on the shoulders of the government and party led by a small group of fanatical men and at same time we should always emphasize we have no quarrel with Russian people with whose legitimate aspirations and struggle for a better life we have only sympathy and a desire to be helpful. We should explain our hope to live in peace and friendship with the Russian people, a hope constantly being frustrated by the action of their government and leaders in isolating them from normal relations with the rest of the world.

By utilizing this approach upon every suitable occasion in official speeches, in international gatherings and especially in forum of UN we attain the advantage of making it more difficult for Soviet leaders to identify themselves and their policies with wishes of the Russian people and it gives us the opportunity of presenting this appeal directly to Russians over VOUSA. Frequently done it should gradually by sheer repetition reach the consciousness of large numbers in this country.

The above considerations are not new to Department or our delegation at UN. Churchill used this approach effectively in his Llandudno speech² and has used it often in past as have others. While from Moscow we have not been able to follow in intimate detail the course of debates in UN, we believe that British representatives have utilized this tactic perhaps more frequently than our delegation though Mrs. Roosevelt's³ Sorbonne speech struck the note effectively.

SMITH

² Winston S. Churchill, wartime British Prime Minister, had spoken on October 9 at the annual conference of the Conservative Party in strong opposition to the policies and actions of the Soviet Union.

³ Anna Eleanor Roosevelt, widow of former President Franklin D. Roosevelt, was a member of the United States delegation to the General Assembly.

861.00/11-948: Telegram

The Ambassador in the Soviet Union (Smith) to the Secretary of State

SECRET

Moscow, November 9, 1948—11 p. m.

2592. 1. Despite frequent reiteration accusations West aggressive policy, post-election outpourings of Soviet propaganda and activities and pronouncements in connection anniversary Bolshevik revolution seem to us to have been marked by shift of emphasis, apparently de-

signed to leave impression Soviet Government wants peaceful international settlement and believes it "can do business with Truman".

2. Recent comment on international subjects has to great extent taken its themes from Stalin's *Pravda* interview of October 28 on Berlin question. While this may have seemed to Western eyes uncompromising, subsequent propaganda has tended to stress: (a) Soviet readiness for agreement; (b) hopes of people everywhere for peaceful settlement; (c) responsibility of relatively small group of "aggressors and warmongers" in USA and Britain for war plans and talk; and (d) inevitable failure instigators new war (i.e. continuation of peace).

3. After a few days of obviously surprised hesitation, Soviet propaganda organs have practically done about-face on President Truman. While on election eve, Soviet propaganda described Democratic and Republican parties equally as creatures of American monopoly capital in contrast to Progressive Party representing interests working people, Molotov a week later (in his address of November 6) explained "victory for Democratic Party and President Truman" as due to rejection by people of "frankly reactionary and most aggressive program . . . of Republican Party and Dewey." First indication change of line was November 5 Tass despatch citing US papers as explaining Truman victory largely due his opposition Taft-Hartley Act, methods Thomas Committee and racial discrimination and his "adherence to principles of Roosevelt". In November 6 *Pravda*, Ehrenburg¹ said "Politically unsophisticated average American voted for Democrats because Republicans seemed more militant to him (and) feared that by voting for new Progress Party he would guarantee success Dewey". In *Pravda* on November 7, major commentator Marinin elaborated the theme at length. While acclaiming the role and future promise of the Progressives, he explained that the Democrats had "passed off as their own goods" Wallace slogans and had in many areas received Progressive support. "At the tensest moments of campaign," Marinin continued, "they (Democrats) pronounced a number of sermons on necessity of strengthening peace and relieving tension of international situation. Moreover, the Democratic leaders even advanced proposal to send Chief Justice Supreme Court Vinson to Moscow for direct negotiations with Soviet Government on settlement disputed questions." When Republicans objected, Democrats dropped project, but "outcome elections clearly reflects desire of American voters to reject clearly reactionary and aggressive clique of Dewey-Vandenberg-Dulles²."

¹ Ilya Grigoryevich Ehrenburg was a well-known journalist and author.

² John Foster Dulles was an international lawyer, a leading Republican politician, and member of the United States delegation to the meetings of the United Nations General Assembly in Paris.

4. In comparison with last year the 52 Communist Party slogans for anniversary were much more subdued and Moscow was not plastered with anti-American posters. Embassy personnel at Molotov reception received unusually friendly attention. Both Mr. and Mrs. Molotov surprisingly cordial, as were several other Soviet officials who made effort to leave general impression on lines indicated above.

5. Obviously any shift toward US representatives, American people, and President Truman himself, long previously attacked as reactionary warmonger, will be tactical in nature. If Kremlin really considered President a "social reformist", then ideologically he would be much worse, in Communist theory, than a frankly reactionary regime which would hasten rather than delay the inevitable crisis. In my view, indications of a change in tactics may be expected as result of following factors. On the one hand, the Kremlin probably discouraged by the unity, determination, and defensive preparations of the west, by the weak showing of Wallace in the elections and the demonstrated solidity of US bi-partisan foreign policy. On the other, it has been encouraged by such factors as the revelation of the Vinson proposal and the mood prevailing in France to see possibilities of disrupting both internal US and international unity and thus seriously reducing the strength of the west. If this is correct, as I believe, then the current signs of shift may be the prelude to a further "peace" move, with some offer of negotiations and possibly even minor concessions calculated to cause us to drop our guard and to spread the germs of suspicion and distrust among the Allies of the West.

Sent Department 2592. Department pass Paris Gadel 590, London 286.

SMITH

S61.50/11-1548: Telegram

The Chargé in the Soviet Union (Kohler) to the Secretary of State

SECRET

Moscow, November 15, 1948—7 p. m.

2649. Predictions as to likely consequences of Sochi conferences, particularly as concerns economic possibilities appears so far limited to forecasts some observers of more closely integrated economic planning development and cooperation USSR and orbit countries plus possible institution eastern Europe customs union. The Embassy has for some time, however, been thinking along the lines of even more extensive program and searching for indications which might presage planned inauguration some form of "ruble area" with satellite monetary and banking systems brought into more direct relationship and dependence operations State bank USSR.

In view general speed-up Soviet timetable, turn of New Year not considered here a premature date for possible move this scale as next step in satellite consolidation and suitable Soviet answer to ERP. Although firm evidence inexistent, current Moscow visit R. Dombovski, heading Polish finance delegation may be cited while steady pressure and almost psychopathic concern Soviet Government this year toward stabilization and enhancement ruble's value and present undoubtedly firm USSR gold position offer indirect support.

We should expect additional prior indications by way of price readjustments, perceptible international monetary movements and rumors of pending monetary reforms affecting orbit countries to signal consummation development programs such proportions. However serious study, planning and policy development beyond competence Embassy obviously would precede such developments and we suggest it is not too early for Department to undertake.

KOHLER

361.1115/11-2448 : Telegram

The Ambassador in the Soviet Union (Smith) to the Secretary of State

SECRET

Moscow, November 24, 1948—1 p. m.

2723. Since return, I have reviewed question possible prisoner exchange and if Berlin still regards initiation project difficult on lines suggested Embtel 496, November 20 (repeated Department 2691¹), I am prepared to take up here at Gusev² level. While approach through repatriation channels would obviate main possibilities Soviet propaganda or complaints re non-included cases, I am persuaded only hope release American citizens detained here lies in such trade. I should not like to see such hope lost by failure on our part make every effort within reason.

Sent Department 2723, repeated USPolad Berlin 501.

SMITH

¹ Not printed.

² Fedor Tarasovich Gusev (Gusev), Deputy Minister for Foreign Affairs of the Soviet Union.

861.111/11-2648 : Telegram

The Ambassador in the Soviet Union (Smith) to the Secretary of State

CONFIDENTIAL

Moscow, November 26, 1948—11 a. m.

2735. Reimposition and extension of 1941 limitations on movements of members foreign missions by Soviet Government on Sep-

tember 30, 1948 is unprecedented in history of any nation in time of peace with possible exception treatment foreigners Japan before 1857 and China early Nineteenth Century. Travel restrictions are only part whole series extraordinary limitations under which foreign missions here must suffer and still attempt carry out representational and reporting functions. Whether policies Soviet Government severely limiting housing space and importation privileges accorded foreign missions, isolation of foreigners from native population and their treatment as spies and enemy agents in Soviet publicity and by implication in Soviet laws are aimed primarily at foreign diplomats or proceed from innate internal necessities this totalitarian regime, certainly in realm special diplomatic ruble rate where Soviet authorities could be helpful they have proved themselves reverse. In these matters other countries are poorly equipped adopt retaliatory measures while field of travel provides retaliatory opportunity through simple device announcing restricted areas applying Soviet officials abroad and declaring violators *persona non grata*.

Since reimposition travel restrictions little over month ago, members Embassy staff including service personnel have made trips Tbilisi, Astrakhan, Stalingrad, Kharkov, Odessa, Omsk and Chkalov after formally notifying Soviet authorities intention travel and details itinerary. This is first time since war service attachés have been permitted travel as their requests for travel permission 1945-1948 were invariably turned down or ignored by liaison office Ministry Armed Forces. It also represents improvement situation existing 1947-1948 for civilian members Embassy when Soviet authorities through indirect means such as denial railroad and accommodation facilities which they are free reemploy any time effectively prevented foreign mission personnel from traveling.

This happier situation is not necessarily permanent. I suspect as do many of my colleagues that after "honeymoon" period is over and sufficient trips of foreigners have been recorded and advertised to believing world as illustration absence "iron curtain" Soviets will clamp down on travel possibly through device indirect action. End of GA meeting would prove convenient time. However, whatever action or inaction we may take, it is unlikely influence course re foreigners USSR which Soviets have undoubtedly already decided upon.

I do not think we should absorb any longer the discourtesies and impositions of Soviet authorities without retaliation when such action is feasible. I firmly believe it is only language they will ever understand. At very least it may cause them pause for thought when contemplating additional restrictions. On other hand I am not deluded in thinking that retaliatory action will cause Soviets withdraw their

travel restrictions. Possibly adoption retaliatory measures by all countries having representatives accredited Moscow might have salutary effect but this manifestly impossible expect from Satellites and of remaining missions here. Embassy understands only Canadians favor retaliation. British believe vigorous protest should be recorded FonOff leaving question retaliation in abeyance as long as Soviets continue permit travel on present basis.

I do not believe we should go through preliminary step of protest with threat retaliatory action. It could only delay end result and add nothing to justice or dignity of our position. On contrary I strongly recommend that we institute restrictive measures regard movements Soviet officials in USA as soon as possible and at least by January 1st which will parallel as closely as possible Soviet restrictions on foreign mission personnel here. That is, Soviet Embassy personnel Washington should be allowed freedom movement radius fifty kilometers by auto with exception certain highways leaving city (see Embassy's despatch 801, November 13¹). As special privilege corresponding those granted us they might be permitted visit by auto Gettysburg, Williamsburg and some point on Chesapeake bay after preliminary notification 48 hours in advance. By means public conveyance they might be permitted visit New York (exchange for Leningrad) and certain states in south and midwest after notification itinerary and dates travel 48 hours beforehand Department. Amtorg officials should be restricted limits metropolitan New York by auto and same states by common carrier again after notification Dept. Border and coastal states should be prohibited except when notification given departure abroad. Soviet personnel assigned UN organization are, I realize, in different category and I do not think we can or should apply to them these restrictions.

In our note informing Soviet Embassy imposition restrictions can we not make clear our reluctance take retaliatory steps and desire remove them when reasonable regulations applied American Government personnel Moscow? Note should be written with view publication and maximum appreciation reasons behind our action by American and world public opinion. I should judge news our action would force Dept make statement or publish note.²

¹ Not printed; but see footnote 2, p. 929.

² In telegram 7 to Moscow on January 5, 1949, the Department stated in reply that the whole subject of travel restrictions and possible retaliatory action would be reviewed, and that all arrangements were made to impose similar restrictions, if that should be the decision reached. The Department inquired regarding the status of the "honeymoon period." (861.111/11-2648) The Embassy in the Soviet Union answered in its telegram 46 from Moscow on January 8 that the honeymoon had continued beyond the contemplated time, with trips still being made. (861.111/1-849)

Retaliatory restrictions were not imposed at this time by the United States. When additional areas were closed to foreign travel by the Soviet Union in a note of January 15, 1952, accompanied by a map, then retaliatory restrictions on travel for Soviet officials in the United States were imposed in a note of March 10, 1952. See Department of State *Bulletin*, March 24, 1952, pp. 451-452.

As regards Bulgaria's mimicry,³ I suppose we may expect other satellites sooner or later to follow suit. Perhaps immediate retaliation might cause other satellites at least consider more carefully application such measures, if they now contemplate them. At any rate am inclined believe if retaliation decided upon this case, we should closely parallel Bulgarian restrictions even though differing from retaliatory measures imposed on Soviets in US in order uphold principle retaliation.

Military and Air Attachés concur. Naval Attaché absent.

Sent Dept 2735, Sofia 24. Dept pass Paris for Gadel 652.

SMITH

³ Regarding the imposition of travel limitations by Bulgaria on November 6, 1948, see the editorial note, p. 387.

811.91261/11-3048: Telegram

The Ambassador in the Soviet Union (Smith) to the Secretary of State

RESTRICTED

Moscow, November 30, 1948—7 p. m.

2787. Censorship regulations for newspaper correspondents in USSR at present require that two copies of telegraph despatches be filed through censorship window at telegraph office and two copies of any article for publication which is later to be mailed. (Re Deptel 1340, November 23.¹)

At present American correspondents file at censorship window three copies of telegraphic despatches, one of which they receive back when censored usually with indication of material deleted. If despatch not sent, he is handed piece of paper on which is written his name, number of filed message and the words "ne poidet"—in other words, "killed by censor". Entire despatches sometimes held days or weeks without giving reasons, leaving only recourse for correspondent write Press Department Foreign Office.

Under above system correspondent has no control over material actually despatched by telegraph over his signature. He only learns what has been deleted after despatch has gone and even then censor sometimes does not accurately mark deleted portions on third copy. Routine cables take from half hour to several hours pass censorship. Longer despatches usually based on articles in Soviet periodicals often take several days. On material to be sent by mail original is returned to correspondent with censored passages heavily inked out or in event numerous censured items correspondent may be asked make clean copy. Material thus passed by censor and stamped approved may be mailed abroad.

¹ Not printed.

Press telephone calls abroad may be made only from special room at telephone office. Two copies of material to be phoned handed in at censorship window and upon return approved copy, it constitutes authorization telephone operator put through call. Correspondent supposed read only from approved copy. Believe calls not monitored simultaneously by censor but recording taken and deviations could well lead future difficulties.

The censorship is entirely arbitrary and unpredictable. Quite often material taken directly from Soviet sources will be killed by censor. Worst aspect of censorship, however, is that cabled despatches go out censored often giving impression contrary to original without correspondent having opportunity argue, change or withdraw despatch.²

SMITH

² In this connection Ambassador Smith expressed his conviction in telegram 2814 from Moscow on December 2, not printed, that deliberate deception resulting from censorship should not be concealed from the public: "As I have previously stated orally to officials of the Department and to publishers at home, I consider it unfair to the American public and to the American correspondents in Moscow, if not downright dishonest, that press dispatches from the Soviet Union which are tailored by Soviet censor to fit aims of Soviet propaganda appear in the American press without a clear preceding indication that they have been subjected to and passed by Soviet censors. I continue to feel the same way and all the officers on my staff as well as every American citizen correspondent in Moscow shares this feeling. I believe positive action by the Department with regard this matter is overdue and that such action is in fact a responsibility which we have toward American public." (861.918/12-248)

701.0961/12-348

The Ambassador in the Soviet Union (Smith) to the Department of State

CONFIDENTIAL
No. 830

Moscow, December 3, 1948.

SIR: I have the honor to refer to the Embassy's despatch no. 810 of November 20, 1948,¹ which transmits new Soviet customs regulations dated October 16, 1948, governing the imports of foreign representatives in the Soviet Union during the calendar year 1949. The accompanying Foreign Office note transmitting these regulations (No. 1299/PR dated November 16²) terminates the "temporary customs privileges" accorded to the Embassy during the current calendar year under paragraphs 4, 5, 9 and 10 of a letter from the Soviet Chief of Protocol³ to the Counselor of the Embassy, dated October 29, 1947 (see Embassy

¹ Not printed. The new customs regulations, effective on January 1, 1949, were contained in a booklet in Russian, accompanied by an English translation prepared by the Embassy.

² Not printed.

³ Fedor Fedorovich Molochkov.

despatch no. 1788, November 1, 1947 ⁴). These exceptions related principally to the importation of replacements for leased furniture and worn rugs and draperies in Spaso House.

The new regulations are basically similar to those currently in effect (see Embassy despatch no. 1597, September 3, 1947 ⁵), except that the import quotas have been readjusted to provide: a 300,000 ruble quota of waived customs duties for the general use of the Embassy; 120,000 for the "head of the Embassy"; 40,000 rubles each for Counselors, Military, Naval and Air Attachés; and 20,000 rubles each for secretaries, attachés and "secretary-archivists". These quotas are to be administered on the basis of separate, individual customs record books which can not be transferred. Other new provisions: specifically define the period during which "first installation" ⁶ articles can be imported as one year; require the clearance of goods from the customs warehouse within a maximum period of 3 months; provide proportionally reduced quotas for persons arriving after January 1; and specify that the effects of diplomatic personnel leaving the Soviet Union must be shipped within 3 months following the owner's departure. The definition of official supplies for the operation of foreign missions and consular offices, obviously deliberately, has not been broadened, despite the many representations on the subject made by this and other missions in Moscow.

As will be seen from the enclosed copy of a letter dated December 3, 1948, ⁴ which has been addressed to the Foreign Office, the Embassy has already requested certain clarifications and made certain requests (discussed below) in connection with the new regulations, and will promptly report any further information received. However, it is clear that the new Soviet regulations reflect, in large measure, Soviet reaction to our vigorous and repeated representations during the course of the past year and a half. It is accordingly probable that we will receive little in the way of clarification and nothing in the way of liberalization of these regulations.

On the basis of the Embassy's present Table of Organization, total quotas for 1949 will amount to 1,180,000 rubles, as compared with the basic quota of 900,000, and a supplementary quota of 300,000, received in 1948, plus a considerable quantity of non-quota imports under the special exemptions which are now about to be terminated. Administration of the new scheme will be vastly complicated, as the quotas are

⁴ Not printed.

⁵ Not printed; but see footnote 3, p. 793. The title for the new Regulations was the same as given here for those dated July 12, 1947.

⁶ Members of missions and consulates had been entitled to the importation of most goods and furnishings free of duty at the time of their first entry into the Soviet Union as initial or first installation articles.

granted only "for the personal use" of eligible individuals and shipments are recorded in separate quota record books which may not be used "for freight shipped to other persons". Unused quota balances may not be carried over, and the Soviet authorities probably expect that these will be considerable, in view of the practical impossibility of making accurate advance calculations with respect to customs duty liabilities on incoming shipments.

The following paragraphs summarize the principal specific considerations arising from the provisions of the new regulations as they will affect the administrative procedures of the Embassy and of the Department.

[These paragraphs, comprising about six and one-half pages of this despatch, are not printed.]

In sum, I believe that careful administration of the Embassy's imports under the new Soviet regulations, while complex and onerous, will nevertheless enable us to maintain our staff adequately at approximately its present level. As in all these things, a great deal will depend upon the way in which the regulations are applied by the Soviet authorities, and that can only be learned in practice. Pending a reply to the Embassy's enclosed note, practical experience with the new regulations, and possible implementation of Burobin's promise of six new living apartments during the first half of 1949 (see Embassy telegram no. 863, May 8, 1948), I do not recommend that retaliatory steps be taken to require the Soviet Government to reduce its official representation in the United States.

Respectfully yours,

W. B. SMITH

800.50/12-648 : Telegram

The Ambassador in the Soviet Union (Smith) to the Secretary of State

[Extract]

CONFIDENTIAL

Moscow, December 6, 1948—7 p. m.

2850. Soviet economic journals have recently reflected continuance of confusion and conflict among Soviet economists. Faced with need of interpreting postwar economic developments, particularly in USA and Western Europe under ERP, in light of Marxist economic dogma, members of Academy of Sciences Economic Institute appear to have split into two groups—orthodox Marxists who postulate that capitalism is dying force entering last stages of its general crisis and Varga group who more realistically admit possibility of change within capitalist system which might prevent "intensification of general crisis

of capitalism," particularly in form new American depression or wars within capitalist world.

Planned Economy, No. 5, 1948, reveals Varga group was again put in dock at October 2-5 session of Learned Council of Economics Institute, called to consider "shortcomings and tasks of scientific research work" in economics. Group is accused of "teaching bourgeois theories of 'planned nature' of capitalist economy, soft-pedaling class conflict of capitalism and its general crisis, admiring 'successes' of capitalist technique, adopting a conciliatory attitude toward bourgeois theoretical apologetics, and, 'as a whole' of non-party, un-Bolshevist attitude towards criticism and self-criticism."

"Varga in his speech recognized only some secondary mistakes . . .¹ as for example . . . in predicting dates of onset economic crisis in the USA. He attempted to defend another section of his errors on grounds that his position was correct in relation to corresponding period and became incorrect only subsequently. . . ."

"He once more repeated his assertion bourgeois state allegedly plans its economy under wartime conditions, defending interests of *bourgeoisie* as whole as opposed to those of capitalist monopolies . . . was absolutely silent on number of principal errors, e.g., his position regarding view basic conflict of capitalism between social character of process of production and private appropriation by capitalists will begin to function ten years after war. In same way he passed over in silence reformist thesis class warfare in capitalist lands is being exchanged for a struggle for a 'share in participation by working class and *bourgeoisie* in direction of bourgeois state' . . ."

"He committed new errors which are direct continuation of reformist position . . . expressed doubt about possibility of wars in future between imperialist states thus revising teaching of Lenin-Stalin on imperialism and imperialist wars . . ."

"K. V. Ostrovityanov in long concluding speech focused attention on criticism of reformist mistakes of Varga and on his unparty-like arrogant attitude toward criticism."

At a time when current overhauling of research institutes in most sciences has generally produced drastic disciplinary action, Varga's successful weathering, still relatively intact and intransigent, of over a year and a half's violent criticism certainly indicates fundamental uncertainty in the highest levels of the Soviet regime. Evident they are being forced at least contemplate possibility of temporary stabilization of capitalist world and reconsider their estimates on possibilities ex-

¹ All ellipses indicated in the source telegram.

tending still further Soviet power and influence.² Ultimate fate of Varga group may therefore well serve as weathercock of party attitudes toward western world and be dependent on party decision whether theoretical restatement of party line toward postwar capitalism is not called for perhaps by higher authority than Varga. Under this interpretation, it is possible that Varga may eventually re-emerge as the hero of Soviet economic theory after the smoke of the battle has blown away by a Politburo decision and official public shift of party line.

SMITH

² During 1948 the British Embassy in Moscow maintained an active interest in the treatment accorded Varga. In a despatch of May 31, a copy of which was sent to the Department in despatch No. 495 on June 21, not printed, the British view was that Varga had been muzzled but not liquidated as a leading economist. If he should be restored to real authority, or to remain active, that could suggest that the Soviet government looked for a temporary stabilization in the capitalist world with the possibility of an equilibrium of forces and a period of peaceful co-existence. (861.50/6-2148)

361.1115/11-2448 : Telegram

The Acting Secretary of State to the Embassy in the Soviet Union

SECRET

WASHINGTON, December 21, 1948—4 p. m.

1411. Re proposed exchange Sov prisoners Germany for US citizens Sov Union, understanding here Emtel 2723 Nov 24 in past such exchanges only successfully effected by means direct approach high level.

Since success project depends large measure on degree Sov interest return Sov prisoners held by our mil authorities, Dept feels must leave to your discretion ultimate decision advisability making approach. Other factors to be considered of which you best judge are relative *bona fides* US citizens to be released thereby as well as relationship this matter to Sov attitude re Sov non-returnees in DP camps Germany and possible Sov propaganda reaction this connection.

Event you decide take up question Emb and Polad Berlin should coordinate info number and category Amer citizens and Sov citizens to be considered keeping Dept informed currently developments.¹

¹ On January 7, 1949, the Deputy United States Military Governor for Germany, Maj. Gen. George P. Hays, replied to a letter from the chief of the United Nations Nationals Repatriation and Tracing Division of the Soviet Military Administration (Germany) wherein he had demanded the repatriation of certain imprisoned Soviet citizens. According to the American Political Adviser, Robert D. Murphy, in telegram 52 from Berlin on January 10, 1949, the reply contained the following paragraph: "I would remind the Soviet authorities that the American Embassy at Moscow has made repeated representations to the For-

Dept understands US citizens to be considered those having no claim Sov citizenship and held forced labor (Emtel 1318 July 14 Dept Inst 122 July 30) and agrees conclusions urdes 718 Oct 4 inadvisability publicizing matter while under examination two Govts.

LOVETT

eign Office of the Soviet Union concerning the detention in the Soviet Union, under conditions of forced labor, of certain American citizens, but to date has not received any favorable response from the Foreign Office. Under these circumstances, I am not disposed to proceed further with consideration of the return of Soviet prisoners from the US zone until such time as the Soviet Foreign Office indicates to the American Embassy at Moscow that it is prepared to resume negotiations concerning the repatriation of American citizens under detention in the Soviet Union." It was also reported that at this time there were approximately 30 Soviet citizens imprisoned in the United States zone. (361.1115/1-1049)

761.00/12-2348 : Telegram

*The Ambassador in the Soviet Union (Smith) to the Secretary of State*¹

TOP SECRET

Moscow, December 23, 1948—7 p. m.

3008. Looking backward, as year draws to close, on agitated events of 1948, we believe that several phenomena difficult to interpret currently are beginning to form a pattern indicating some revision of our basic estimate of Soviet intentions. Hindsight reflection on fundamental significance of such events as Tito-Cominform conflict, agricultural collectivization program in East Europe, continuing Varga dispute and Berlin situation, to mention only principal factors, leads us to preliminary conclusion that:

(1) Soviet Union not only "will not deliberately resort to military action in the immediate future" (Embassy despatch 315, April 1²) but seems to be basing its policies and actions on expectation of peace for the near future, probably several years.

(2) Believing itself safe from attack, Soviet Government is in fact deliberately choosing to weaken itself to a certain extent during next few years vis-à-vis West in order to gain greater strength for later inevitable conflict in which it continues believe.

(3) "War scare" campaign has been carefully planned and developed over past 2 years in order to frighten Western peoples and impede

¹The Department in telegram 1433 to Moscow on December 29 expressed its appreciation for the views herein set forth and stated that the telegram had been given special high level circulation. (761.00/12-2348) It was circulated for the information of the National Security Council, whose Executive Secretary, Adm. Sidney W. Souers, wrote in a memorandum of January 4, 1949: "Mr. Lovett indicated that the Department of State is in general agreement with Ambassador Smith's analysis and conclusion."

²The despatch under reference was concerned with Soviet intentions; see the editorial note, p. 825.

West recovery efforts, facilitate maintenance internal controls on Soviet population; and hide Soviet weaknesses.

(4) American policies should be carefully re-studied and re-adapted in light of this estimate and Western public opinion made aware of longer-range prospects requiring maintenance preparedness, firmness, unity and patience to degree and for period heretofore considered beyond capacity Democratic regimes.

Our retrospective view of the main events leading to these conclusions follow:

(1) Tito-Moscow break did not just happen, but resulted from deliberate decision of Politburo. Tito's growing independence may have surprised Moscow somewhat, but would surely have been handled with carrot instead of club if Kremlin had either expected or intended to precipitate serious international conflict in near future. Instead, it chose to risk open break in united orbit front presented to outer world and to initiate purge action which might clearly require years to complete. Speculation as to "Zhdanov's mistake" seems refuted by Kremlin's persistence on the course set, which is that indicated by Leninist-Stalinist teachings unless temporary deviation is required by circumstances.

(2) Agricultural collectivization program was postponed in Soviet Union itself for over 10 years, until regime considered results NEP had made it strong enough to undergo such drastic purge. Present vigorous pushing of collectivization in Baltic states, where it is meeting strong resistance (Embtel 2865, December 8²) and throughout orbit countries, where it is likely to meet even more (e.g. Poland, Embdes 819, November 27²) stands in considerable contrast to Soviet experience. This suggests Kremlin feels itself strong enough to undertake such action and secure enough to risk temporary resulting weakness in favor of greater strength expected from improved control some years hence. If actually expecting resort world hostilities near future, Moscow planners would surely have moved more cautiously in this field or even have postponed program indefinitely.

(3) A similar phenomenon, based primarily on some Leninist-Stalinist doctrinal concept of accepting temporary weakness in order to develop subsequent unity and strength, is found in the post-war ideological revival which has been pushed relentlessly through every field of Soviet artistic, literary and scientific endeavor. Somewhat out of pattern but of primary significance in this connection is the long-continuing economic controversy raging around the bloody but unbowed figure of Eugene Varga (Embtel 2850, December 6). This conflict indicates at least basic uncertainty extending into the Polit-

² Not printed.

buro itself regarding capitalism's post-war prospects and possibly even growing conviction world capitalism is heading for another period of "temporary stabilization" as in 1920's. These considerations, if true, would have negative effect on Kremlin's willingness resort to war in near future. In accordance Stalin's theory of ebb and flow of revolutionary movement, Communist tactics should be aggressive while tide rises but devoted to consolidation and regrouping of forces when time [tide] begins to fall.

(4) If this is an incipient period of consolidation and regrouping of Communist forces in Europe, then ousting Western powers from strong points within Soviet European orbit, notably Berlin, becomes essential element of Soviet policy. Kremlin's preoccupation with this objective is only too apparent, but desire avoid hostilities even for this vital position is indicated:

(a) By efforts drag out talks interminably in Moscow, Berlin and SC while maintaining physical pressure on US in Berlin itself; and

(b) More recently by evident Soviet intention of organizing and using German puppet agencies and forces to carry on battle in front lines, while removing Soviets more to background.

(5) With utter defeat of Axis, it became essential to ideology of Communism and maintenance of a totalitarian dictatorship that a new, menacing bourgeois-imperialistic foreign enemy be identified to Soviet population, consistent with Marxist-Leninist teachings and worthy of might and prestige of the victorious Socialist Fatherland. This could only be the United States, and first shift of Soviet policy in this direction took place within a few weeks after Yalta. This shifting line was soon developed into a real "war scare" beginning with Stalin's branding of Churchill's Fulton speech³ as "warmongering", which set tone for Vyshinski and lesser spokesmen and for waxing flood which has subsequently spewed from all Soviet propaganda channels. (Embtel 2953, September 20 [30], 1947⁴). While this campaign may not have had expected results in America, it has certainly sown dread and uncertainty in West Europe, is diverting attention and productive effort from recovery and reconstruction, has kept Soviet population in a state apprehensive submission, is in keeping with party's uncompromising ideology and has created throughout the world a highly exaggerated impression of Soviet intentions and strength.

³ Concerning the reaction to Mr. Churchill's "iron curtain" speech delivered at Westminster College in Fulton, Missouri, on March 5, 1946, see telegrams 751 from Moscow on March 11, and 809 from Moscow on March 14, *Foreign Relations*, 1946, vol. vi, p. 712 and p. 716.

⁴ *Ibid.*, 1947, vol. iv, p. 590.

(6) While foregoing are main considerations impelling us to review our estimates, many other factors seem to us to support the thesis or to fit into the pattern, for example:

(a) Recent successes in Far and Near East, particularly Communist advances in China and deteriorating Western position in Palestine and Arab East must encourage Kremlin to follow policy of seeking objectives by means short of war;

(b) Unexpected speed and vigor American and West European reaction to Soviet menaces in form ERP, Western defense system, rearmament and build-up US air forces in Europe—an over-all strengthening which already enables West contemplate stand on Rhine—presumably have similar effect and discourage any Soviet elements who might favor “now or never” decision. Moreover, absence indications any military build-up suggest such immediate decision unlikely.

(c) Possibilities of achieving serious setback to Western strength and unity without direct contest through advent De Gaulle^{*} to power in France likewise argue against resort to force. Soviet awareness this prospect and intention to exploit it seem clear.

(d) Labor, materials and money required for recently announced grandiose soil conservation and reforestation plan (if plan is seriously implemented) would presumably have been devoted transport, industrial or even direct military projects if Soviet regime contemplated hostilities in near future. As soon as year-end statistics are issued, Embassy plans prepare full review basic estimate in its despatch No. 315, April 1, and recommends Washington agencies do likewise. If above tentative conclusions are considered correct, their impact on our planned actions and policies during next few years should be carefully weighed. This is a task beyond Embassy's capacity, but we venture following comments:

(1) Soviet “war scare” has not been without advantage to USA as it has been factor in evoking public support for necessary defense and aid measures. Danger is that this strong public feeling may recoil in opposite direction if it becomes apparent war is not in immediate prospect. Task of our leaders, therefore, seems to be effort to base present public sentiment on more solid foundation, to replace the present fever heat by a calm, informed determination to see the thing through on a long-range basis. Similarly, acute war fear now sapping political courage and impending recovery West Europe should be alleviated and non-Communist world made confident its steadfast exertions and increasing strength can in fact ensure peace indefinitely.

(2) Most careful estimates must prevent ineffective dissipation of our national resources by ensuring optimum distribution of our national product between domestic economy, European reconstruction

^{*} Gen. Charles de Gaulle had resigned as President of the Provisional Government of the French Republic on January 20, 1946.

and military preparations. Reduction might be justified in immediate military preparations in favor of sounder long-term military consideration and development, but diminution of our apparent military strength would be signal for increased Soviet pressure. Minimum present program in any case must take into account 2 main factors affecting estimated Soviet intentions, i.e.:

(a) Possibility of Kremlin miscalculation of Western reaction to its "measures short of war" particularly with regard Berlin or Near East (notably Iran); and

(b) Certainty that Soviet plans would be altered to exploit any disruption Western unity of [or] reduction Western strength

(3) Western unity must be maintained and job of European reconstruction carried through to completion. A precarious "recovery" would be an open invitation to Kremlin to begin with sabotage and end with conquest.

(4) Our own economy must be maintained in highly efficient running order and world persuaded it will so continue indefinitely. Nothing would be more important to our cause in long run than confirmation of Politburo suspicions that capitalist world may be in for an era of stabilization.

SMITH

811.42700 (R)/12-2748: Telegram

The Chargé in the Soviet Union (Kohler) to the Secretary of State

CONFIDENTIAL

Moscow, December 27, 1948—7 p. m.

3030. If not already done, recommend VOA exploit to maximum Soviet uncertainty about Western economic stability evidenced by fact Varga not liquidated and by continuing Soviet press discussion his position (Embtel 2850 December 8 [6] and Embdesp 833 December 9¹). As background suggest cite Stalin's doctrine that revolutionary movement alternates between ebb and flow, his long-proclaimed expectation of high tide in connection with World War II by analogy to tide which produced October revolution and subsequent period revolutionary ferment, and his announcement stabilization of capitalism 1925. Stalin's theory plus obvious uncertainty Soviet economic theoreticians indicate Stalin probably expects new capitalist stabilization eventually, and current Soviet tactics are effort to make most of Western post-war troubles while they last. Significant that Stalin

¹ Latter not printed. The Embassy commented in this despatch about the continuation of the criticism of Varga and his followers for their "unpartylike non-Bolshevist attitude" and for persisting in their economic heresies without recanting previous errors, but instead adding new one (800.50/12-948).

himself has not made any post-war pronouncement that would upspeed Varga controversy. When West sufficiently demonstrates strength and stability, Stalin likely to announce new stabilization capitalism and change Soviet tactics (but not strategic objectives) accordingly.

Suggest VOA treatment for non-Curtain countries present fore-going as added incentive redouble effort for economic recovery and willingness necessary cooperation political and other fields, on ground that tangible recovery and consolidation in West is best means easing tension with USSR. Treatment for Curtain countries should be factual rather than exhortatory, taking wind out of Communist sails by anticipating next zigzag Stalinist dialection and revealing present uncertainties in high command.

KOHLER

861.4016/12-3048 : Telegram

The Chargé in the Soviet Union (Kohler) to the Secretary of State

RESTRICTED

Moscow, December 30, 1948—7 p. m.

3061. Have learned from reliable sources Soviet Government recently decreed dissolution Jewish Anti-Fascist Committee and took over its premises. At same time Soviet Government closed down Emes printing establishment which had produced the only Jewish newspaper in the USSR, *Einikait* (*Einigkeit*) and occasional Jewish books and other publications. Embassy believes this liquidates only separate organization and activities, except religious congregations, heretofore permitted Jews in Soviet Union, despite fact Soviet citizens of Jewish faith continue to be registered and issued passports as being of Jewish "nationality".

Should be noted that "women's" and "youth's" anti-Fascist organizations established at same time as Jewish continue to function.

No objection use this information.

KOHLER

861.4038/1-549 : Airgram

The Chargé in the Soviet Union (Kohler) to the Secretary of State

Moscow, January 5, 1949.

A-10. Soviet press recently featured the meeting of the second plenum of the Union of Soviet Composers, held in Moscow from December 21-29 [1948]. *Soviet Art*, December 25, stated that the meeting

was devoted to a review of the work of Soviet composers and music teachers since the publication of the Central Committee's decree "On the Opera, 'The Great Friendship' of Muradeli" (February, 1948). The session was opened by a speech of T. Khrennikov,¹ the General Secretary of the Union who, after paying tribute to the memory of Zhdanov, recapitulated the criteria imposed on Soviet music by the Central Committee's decree. This was followed by an audition of recent musical works.

According to *Pravda*, December 28, Khrennikov reported on the first results of the work of Soviet composers since the decree, stating that it had had effect not only by exposing the "antipopular formalistic" trend in Soviet music, but by outlining "a militant programme of constructive work for many years to come." Although he indicated that the overwhelming majority of composers had "embarked on the path of realism", formalistic relapses still existed in the more creative work of certain composers, notably in Prokofiev's opera "Tale of a Real Man". He deplored the lack of vital realistic works, but noted that many young composers had freed themselves from "the alien influences of formalism". In reviewing the work of composers criticized in the decree, the speaker praised Shostakovitch for his music for the film, "Young Guard", but warned him and Khachaturyan that realism was expected in their music and stated that the process of readaptation was slow in Myaskovski, Shebalin, Muradeli and Popov. He added that so far nothing had been created in the spheres of the opera and the ballet, called for the embodiment of "positive contemporary heroes" in operatic art, and for more active musical criticism. *Izvestiya*, December 30, reported the concluding debates of the plenum, in which attention was drawn to the unfavorable condition of music in the Central Asiatic Republics. A letter from Prokofiev was read admitting the justness of the plenum's criticism of his work. After Khrennikov had urged a fight "for a party line in the creative art" of music, the plenum sent a message of greeting to Stalin.

In a *Pravda* January 4 article, entitled "A New State in Soviet Music" Khrennikov repeated the main conclusions of his report, emphasized the failure of Soviet light music to abandon "Western standards[]" and draw on the rich traditions of Soviet folk melody, and attacked the periodical, *Soviet Art*, for its weak standards of musical criticism.

KOHLER

¹ Tikhon Nikolayevich Khrennikov was a talented musical composer, whose work included scores for operas.

CONTINUATION OF EFFORTS TO NEGOTIATE A LEND LEASE SETTLEMENT AGREEMENT WITH THE SOVIET UNION;¹ THE RETURN OF EIGHT MERCHANT VESSELS

861.24/12-2047

Memorandum by the Director of the Office of Financial and Development Policy (Ness) to the Assistant Secretary of State for Economic Affairs (Thorpe)

[WASHINGTON,] January 2, 1948.

On December 11, 1947 a note was sent to the Soviet Embassy² requesting the immediate return to the United States, not later than sixty days thereafter, of eight lend-lease merchant vessels: 3 war-built liberty tankers, 4 war-built T-2 tankers, and 1 dry cargo vessel. This note affirmed a previous request for the return of these vessels included in the "Outline of Main Points of Settlement Proposed by the U.S. Side" presented to Soviet negotiators on June 25.³ In a reply dated December 20,⁴ the Soviet Government has taken the position that the question of the return of these vessels is one for decision in the general lend-lease settlement. If the Soviet position is accepted or no response is made, which would be tantamount to acceptance, an indefinite delay in the return of the vessels may be expected and the Soviets may assume that the question of the sale of these vessels remains open for consideration in the negotiations. Adverse Congressional and public reactions may be expected if we fail to take all possible steps to accomplish the early return of these vessels.

Although technically the Department has authority under the Lend-Lease Act to sell merchant ships without restriction, adherence to the laws and practices governing such sales by the Maritime Commission is considered a necessary basis for sales to the U.S.S.R. in the lend-lease settlement. The Merchant Ship Sales Act of 1946 prohibits Maritime Commission sales of liberty tankers to other than U.S. citizens and requires the approval of the Secretary of the Navy to all such sales of the other war-built lend-lease ships now held by the U.S.S.R. The Secretary of the Navy⁵ has not approved the sale of the 4 T-2 tankers to the U.S.S.R. but strongly recommended their return. More

¹ For previous documentation, see *Foreign Relations*, 1947, vol. iv, pp. 653 ff. For the text of the Lend Lease Act, approved March 11, 1941, see 55 Stat. 31; and for the text of the Master Lend Lease Agreement with the Soviet Union signed in Washington on June 11, 1942, see Department of State Executive Agreement Series 253, or 56 Stat. (pt. 2) 1500.

² *Foreign Relations*, 1947, vol. iv, p. 711.

³ *Ibid.*, p. 696.

⁴ *Ibid.*, p. 717.

⁵ The Secretary of the Navy at this time was James Forrestal. See his letters of May 8 and June 11, 1947, to Secretary of State George C. Marshall, *ibid.*, p. 685 and p. 694.

recently the Maritime Commission has recommended, in view of the current tanker shortage, that all U.S.S.R. lend-lease tankers be returned.⁶ Previously, however, the one pre-war-built lend-lease tanker remaining in Soviet custody was offered for sale to the U.S.S.R. in the settlement negotiations and has not been requested for return. The one dry cargo vessel requested for return was requisitioned from the Italian Government during the war and we are now committed to its return to the Italian Government.⁷

Article V of the Soviet Master Lend-Lease Agreement provides that the Soviet Government will return to the United States at the end of the emergency such articles as are determined by the President to be of use to the United States. So long as the emergency referred to in this Article has not been terminated, technically all lend-lease articles transferred to the Soviet Government, with the exception of naval craft, remain subject to disposition in the lend-lease settlement. Documents to effect the determination of the end of the emergency for the purposes of the Master Lend-Lease Agreements are now in preparation for immediate use.

Signature of the attached note is recommended.⁸

[Annex]

*The Secretary of State to the Ambassador of the Soviet Union
(Panyushkin)*

WASHINGTON, January 17, 1948.

EXCELLENCY: I have the honor to acknowledge the receipt of the Embassy's note No. 250 of December 20, 1947 which is in reply to my note of December 11, 1947 requesting the return to the United States of eight lend-lease merchant vessels.

The Government of the United States cannot agree that the question of the return of these eight merchant vessels be subject to any further discussion in the course of the general lend-lease settlement. As

⁶ The Chairman of the Maritime Commission Vice Adm. William W. Smith in a letter to Secretary Marshall dated November 25, 1947, not printed, had written: "In view of the critical world-wide oil situation and tanker shortage which the State Department is well aware of, the Maritime Commission strongly urges that none of the tankers now in possession of the U.S.S.R. be sold to that Government. It also strongly urges that every effort be made to have the Soviet Government return all of the tankers in question without further delay." (861.24/11-2547)

⁷ This old dry cargo vessel (formerly the Italian *Monte Fiori*, then the United States *White Clover*, now the Soviet *Lev Tolstoy*) had been seized by the United States from Italy during the war and had been transferred to the Soviet Union on April 30, 1945. It was returnable to the Italian Government pursuant to the authority contained in the provisions of Public Law 370, 80th Congress, 1st Session: approved on August 5, 1947, 61 Stat. 784, 786.

⁸ *Infra*.

stated in my note of December 11, 1947, these vessels cannot be transferred to the Government of the Union of Soviet Socialist Republics in connection with the settlement of lend-lease. The Government of the United States expects the Government of the Union of Soviet Socialist Republics to return these vessels to United States ports not later than sixty days after December 11, 1947, i.e. on or before February 9, 1948, as specified in my note of December 11, 1947 and in conformity with the commitments of the Government of the Union of Soviet Socialist Republics undertaken in the Agreement between our two Governments on June 11, 1942.

Accept [etc.]

For the Secretary of State:
WILLARD L. THORP

861.24/1-1948

*United States Minutes of Second Combined Meeting on Lend-Lease Settlement Negotiations*¹

SECRET

[WASHINGTON,] January 19, 1948.

PRESENT

U.S.

U.S.S.R.

Mr. W. L. Thorp, U.S. Chairman	The Soviet Ambassador, Mr.
Mr. H. R. Labouisse, Jr., (U.S. Deputy Chairman)	Alexander S. Panyushkin
Mr. G. E. Truesdell, U.S. Assistant Secretary	Mr. A. A. Arutiunian
	Mr. I. A. Eremin
	Mr. Koulatov [<i>Kulakov</i>] (Interpreter)

Mr. Thorp opened the meeting by reviewing briefly the progress which had been made to date. He said that he had received the Soviet note of December 16, 1947 (File No. 20-1, D-61)² and would reply within the next few days. He stated that he had met with the former Soviet Ambassador, Mr. Novikov,³ to open the discussions and thereafter Mr. Labouisse⁴ had met with Mr. Arutiunian⁵ several times. In

¹ These are not agreed combined minutes. This meeting was held in the Department of State, beginning at 3:15 p. m.

² *Foreign Relations*, 1947, vol. iv, p. 715. The file number in parentheses indicates the location of a copy in the collection of papers in the US-USSR-LL-Set series.

³ Nikolay Vasilyevich Novikov had been the Ambassador of the Soviet Union in 1946-1947. Ambassador Panyushkin presented his credentials as successor on December 31, 1947.

⁴ Henry R. Labouisse, Jr., was special assistant to the Director of the Office of European Affairs.

⁵ Amazasp Avakimovich Arutyunyan (Arutiunian) was an expert on Soviet international economic relations. He was Deputy to the Soviet ambassadors in the negotiations for a lend lease settlement agreement in 1947-1948, until he departed to lead the delegation of the Soviet Union to the Sixth Session of the United Nations Economic and Social Council (ECOSOC) at Lake Success, New York, February 2 to March 11, 1948.

describing the basic problems he explained that the United States in making lend-lease settlements with other countries had attempted, to the greatest extent possible, to make uniform agreements based on similar principles. Sometimes this had been difficult because of varied circumstances. The case of the U.S.S.R. program presented such a variation in that it had included more civilian-type equipment than had any other program. In the lend-lease settlements, the United States has followed the practice of dividing the aid into three categories: (1) items used up in the war for which the U.S. asks no payment, (2) items which the U.S. has asked be returned under U.S. law or for other reasons, such as the tankers and the one merchant vessel which the U.S. has already asked be returned, and (3) items not consumed in the war which are the items for which the U.S. wishes compensation. Mr. Labouisse explained that the third category of articles remaining at the end of hostilities is further divided into two subcategories: (a) items of civilian type and (b) combat items for which no payment is asked. He said that the items in category (b) are retained by the lend-lease recipient but the U.S. retains the right to recapture these items but does not intend generally to exercise this right.

Mr. Thorp requested Mr. Labouisse to outline various other aspects of the settlement which had been included by the U.S. side in its proposals of June 25, 1947 ⁶ (File No. 12, D-35) but which had not been mentioned in the Soviet counterproposals of December 16, 1947. Mr. Labouisse, in response, pointed out the following: (1) the U.S. claim for ocean freight charges for material shipped by the U.S.S.R. to the U.S. on lend-lease vessels for account of the commercial contract of the U.S.S.R. with the Defense Supplies Corporation, (2) the U.S. claim for the proceeds of any losses of insured lend-lease cargoes over and above the premiums paid, (the U.S. had asked for a statement of proceeds and premiums paid to establish the amount due the United States over and above the \$7,000,000 already paid.), (3) the commitment of the Soviet Union with respect to commercial policy as set forth in Article VII of the Agreement of June 11, 1942 and, (4) the U.S. proposal regarding the provision of buildings and other properties in the U.S.S.R. which the U.S. desired in lieu of dollars in the settlement. He also pointed out that the Soviet proposals of December 16 made mention of the patent problem but did not go so far as had the proposals of the U.S. in this respect.

The Soviet Ambassador replied that the position of his Government regarding a lend-lease settlement had been expressed in a memorandum presented on June 11, 1947 ⁷ (File No. 11, D-31) and in the Embassy's

⁶ *Foreign Relations*, 1947, vol. iv, p. 696.

⁷ See memorandum dated June 10, 1947, *ibid.*, p. 692.

note of December 16, 1947. From the documents which he has seen and from the explanations given by Mr. Thorp and Mr. Labouisse, he believed that there were no misunderstandings or discrepancies. Mr. Thorp repeated that he would forward a note within the next few days outlining the U.S. position.⁸ The Ambassador asked if this note would reflect the principles which had been expressed by Mr. Thorp and Mr. Labouisse today. Mr. Thorp replied that in general the note would reflect what had been stated.

Ambassador Panyushkin observed that if a review were made of the principles of the two governments toward the settlement, there would be found a difference in approach to the problem. The U.S.S.R. principles, he stated, were based upon the Agreement of June 11, 1942. He proceeded to explain fully the Soviet basis. (1) In the Agreement of June 11, 1942 it is stated that it is a preliminary agreement postponing a final settlement until the progress of events makes clear the benefits which have accrued to each country. (2) The Agreement of June 11, 1942 makes reference to lend-lease as a part of the common effort in the fight against the common enemy, being one of the forms by which the United States made its contribution and one of the means by which the defense of the United States was secured. (3) The President of the United States has declared the defense of the U.S.S.R. as vital to the defense of the United States.⁹ The Ambassador stated that it was on these basic principles of the Agreement that the U.S.S.R. had based its principles of a final settlement and therefore the U.S.S.R. could not agree with the unilateral interpretation given to the Agreement of June 11, 1942 by the U.S. party. He added that the U.S.S.R. had considered its war effort in the same terms as had the President of the United States who had stated that the cause of defense of the U.S.S.R. is the cause of defense of the U.S. He said that the advantage received by the U.S. from the U.S.S.R. in the war was greater than the amount received by the U.S.S.R. in the form of lend-lease and, therefore, the U.S.S.R. considers the division of supplies delivered into three categories as an arbitrary division by the U.S. He observed that a detailed analysis of the U.S. views brought out contradictions in the U.S. principles. For example, he noted in the first category that the U.S. had included all military supplies, while at the same time many naval vessels had been used up in the war. Mr. Labouisse explained that all items regardless of type, which had been lost, destroyed or consumed in the war were in the same category. The Ambassador continued that the U.S.S.R. considered it senseless for the U.S. to claim compensation for items in the first group and that he considered that this category included all vessels and also all military items delivered

⁸ *Infra.*

⁹ *Foreign Relations*, 1941, vol. I, p. 857.

by the U.S.A. and distributed to consumers in the U.S.S.R. This he observed was the principle expressed in the memorandum delivered by Mr. Arutiunian to Mr. Labouisse on June 11, 1947.

The Ambassador stated that in the opinion of the U.S.S.R. the Lend-Lease Act was a political Act, not a normal trade transaction, and he hoped the U.S. agreed with this point of view. He again emphasized that this view was in accord with the Agreement of June 11, 1942 and that it was not reasonable to treat lend-lease supplies as normal goods in a normal transaction. It was more reasonable to treat them as a whole, all as goods delivered in the defense of the United States. The Ambassador concluded his discourse by stating that the U.S.S.R. was willing to come to an agreement with respect to civilian vessels in an attempt to meet the requests of the United States and suggested that a settlement be concluded on the basis of the Embassy's note of December 16, 1947. He also expressed his belief that agreement could be reached on the specific points touched upon by Mr. Labouisse. He felt that most of these points were within the Soviet proposals of December 16.

Mr. Thorp stated that he was embarrassed in that he had to leave shortly for a special meeting of the National Advisory Council which had been called only at noontime. However he stated that he had some general comments which he wished to make on the points he had already mentioned. He emphasized that the total lend-lease account of \$11,000,000,000 should be kept in mind but that since we participated in a common cause with the U.S.S.R. the United States was not thinking of \$11,000,000,000 as a settlement.

Mr. Thorp stated that the U.S. position was based on Article V of the Agreement of June 11, 1942 wherein the U.S.S.R. made a commitment to return to the U.S. such articles as were not lost, destroyed or consumed and which were determined by the President to be of use to the United States. Mr. Thorp observed that Article V was a direct statement which left no room for argument. The U.S. is modifying Article V by agreeing to sell the residual supplies instead of demanding their return. Any vessels lost, destroyed or consumed are not being considered. He emphasized that the U.S. side considered it to be very clear that the United States is entitled to the return of those items which still exist. Referring to the statement presented by Mr. Arutiunian of June 11, 1942, he observed that he cannot know in what category the U.S.S.R. places freight cars or machinery but the President of the U.S. has the right to request their return. The U.S. has not requested the return of civilian goods but is willing to settle for them on basis of their value at the end of the war. Mr. Thorp stated that he could see no relationship to Article V of the question

as to whether or not the goods had been distributed. If not lost, destroyed or consumed they are returnable to the United States. Mr. Thorp asked the Soviet Ambassador to review Article V.

Mr. Thorp then stated that the problem which remained was one of evaluating the items remaining at the end of the war. In the case of the U.K. an inventory of such items had been prepared which was the basis of settlement. He reiterated that there was no basis for settlement other than Article V.

Before taking his departure, Mr. Thorp stated that the eight vessels which had been the subject of recent notes (File No. 2, D-60, D-62, D-63), were clearly items not lost, destroyed or consumed and they were clearly subject to return under Article V. The President has determined these vessels to be of use to the United States and the need for them in the United States is great for the movement of oil from the southern states to New England. The one dry cargo vessel included in the note is an Italian vessel which we are committed to return to Italy.

Mr. Thorp suggested adjournment in view of his pressing engagement but stated that a note would be forwarded to the Soviet Ambassador by Wednesday, the twenty-first, after which time the discussions could be continued. He again suggested that the U.S.S.R. review Article V of the Agreement of June 11, 1942 which has a clear meaning to the United States.

The Soviet Ambassador replied that the principles put forward by the Soviet side took Article V into consideration. He stated his regret that he had no time for explanation.

The meeting adjourned at 4:10 P. M.

861.24/12-1647

*The Secretary of State to the Ambassador of the Soviet Union
(Panyushkin)*

WASHINGTON, January 23, 1948.

EXCELLENCY: I have the honor to acknowledge the receipt of the Embassy's note of December 16, 1947 which is in reply to the lend-lease settlement proposals of this Government presented to the Soviet delegation on June 25, 1947.

The Government of the United States has taken note of the statements made in the preambles to the proposals contained in the Embassy's note with respect to the contribution of the Union of Soviet Socialist Republics to the Allied victory. This Government fully recognizes the importance of the Soviet contribution to this common effort.

By the same token, the Government of the Union of Soviet Socialist Republics doubtless recognizes the important contribution of the United States to the victory in Europe while at the same time it was carrying forward to victory the war against Japan. However, the Government of the United States does not consider it necessary or appropriate, in the present negotiations, to enter into a discussion of relative contributions to our common victory. This is particularly the case in light of the fact that, as has been repeatedly stated to the Soviet delegation, the Government of the United States is not asking the Government of the Union of Soviet Socialist Republics to make any payment for lend-lease materials furnished by the United States to the Union of Soviet Socialist Republics which were lost, consumed or otherwise destroyed during the period of hostilities. Nor does the Government of the United States ask payment for the use of lend-lease articles prior to the defeat of our common enemy on September 2, 1945.¹ Moreover, the Government of the United States asks no payment for military articles remaining in the possession and control of the Government of the Union of Soviet Socialist Republics on September 2, 1945, but is willing to leave certain of these articles in the custody of the Soviet Government subject only to the continuing right of the Government of the United States to require their return under arrangements similar to those now in force under the provisions of Article V of the Agreement of June 11, 1942 and as provided in lend-lease settlement agreements with others of our Allies. The direct cost to the Government of the United States of the lend-lease articles and services for which the Government of the United States asks no payment amounts to more than \$8,000,000,000.

The Government of the United States asks only that the settlement agreement relate to lend-lease articles not destroyed, lost or consumed at the end of hostilities on September 2, 1945. The Government of the United States asks and expects (a) that certain of such articles be returned pursuant to the provisions of Article V of the Agreement of June 11, 1942, and (b) that satisfactory arrangements be made for payment to the Government of the United States of the fair and reasonable value on September 2, 1945 of articles not returned, other than the military articles to be left in the custody of the Soviet Government as stated above.

On September 2, 1945, there remained subject to return by the Government of the Union of Soviet Socialist Republics to the United States under Article V of the Agreement of June 11, 1942, substantial

¹ For the instrument of surrender by Japan to the Allied Powers signed aboard the U.S.S. *Missouri* in Tokyo Bay on September 2, 1945, see photostatic copy in Department of State *Bulletin*, September 9, 1945, pp. 364-365; or 59 Stat. (pt. 2) 1733.

quantities of lend-lease articles. With the exceptions as stated, the Government of the United States is willing to discuss further the amount to be paid as consideration for the transfer to the Government of the Union of Soviet Socialist Republics of full title to all such remaining lend-lease articles of civilian type.

The Government of the United States cannot accept the proposal of your Government as contained in the Embassy's note of December 16, 1947, that payment be made only for those lend-lease supplies "not distributed to ultimate consumers" on September 2, 1945, as enumerated in the list presented by Soviet representatives on June 11, 1947. Nor can this Government accept the proposition, as stated in the preamble to the proposals of your Government, that only those lend-lease articles are subject to return to the United States which were "unused" at the moment of the termination of hostilities. Article V of the Agreement of June 11, 1942 provides that the Government of the Union of Soviet Socialist Republics will return to the United States at the end of the present emergency such articles as shall not have been "destroyed, lost or consumed" and as shall be determined by the President to be of use to the United States.

With respect to the question of merchant vessels, the Government of the United States is prepared to transfer to the Government of the Union of Soviet Socialist Republics, as a part of the over-all settlement, full title to all pre-war-built merchant vessels, except the *Lev Tolstoi* (ex-*White Clover*), on a cash basis at the prices stated by the United States on June 25, 1947. The Government of the United States is also prepared to transfer to the Government of the Union of Soviet Socialist Republics, as a part of the over-all settlement, full title to all war-built merchant vessels except tankers at the prices stated on June 25, 1947, on a cash basis or on the cash and credit terms set forth in the Merchant Ship Sales Act of 1946. The dry cargo vessel, *Lev Tolstoi*, and the war-built tankers which have been the subject of an exchange of notes between our two Governments must be returned to the United States as specified in the note from the Assistant Secretary of State for Economic Affairs to the Soviet Embassy dated December 11, 1947.

With respect to vessels of the United States Navy transferred to the Government of the Union of Soviet Socialist Republics pursuant to the Act of Congress of March 11, 1941 and the other applicable laws and regulations of the United States, reference is made to the repeated requests of the Government of the United States for the return of three icebreakers of the United States Navy: CR 96, CR 98 and CR 99. The Government of the United States again requests the return of

these vessels as a matter of urgency. With reference to the 28 PF Frigates of the United States Navy transferred to the Soviet Government, as previously indicated in the settlement discussions, the Government of the United States is not prepared to discuss any disposition other than their return to the United States, and their prompt return is hereby requested.² As to the remaining vessels of the United States Navy, the Government of the United States is willing to consider the possibilities of selling, after their constructive return to the United States, a portion of these vessels as surplus property. If the Government of the Union of Soviet Socialist Republics wishes to purchase any of these remaining vessels, a list of those desired should be delivered to the Government of the United States forthwith for its consideration. If agreement is reached as to the terms of sale of such vessels, the purchase price therefor may be included in the credit arrangements agreed upon for the over-all settlement. Any vessels not sold in this manner must be returned to the United States.

With respect to the other matters included in the "Outline of Main Points of Settlement Proposed by the U.S. Side" of June 25, 1947, I have noted the proposals of your Government with respect to patent matters under Article IV of the Agreement of June 11, 1942 and with respect to the provision by your Government of local currency as a credit to its dollar obligations under the settlement agreement. These proposals are not fully responsive to the proposals on these subjects set forth in the above mentioned Outline. Moreover, certain other proposals made by this Government on June 25, 1947 are not covered by the Embassy's note of December 16, 1947. Among the subjects not covered are the return to the United States of 260 40 mm anti-aircraft gun assemblies (single) transferred by the Department of the Navy of the United States, the disposition of lend-lease vessels transferred by the Department of the Army of the United States, compensation to the United States for certain claims, and matters covered by Article VII of the Agreement of June 11, 1942. It is proposed that these topics, together with those discussed above, be the subject of further discussion immediately for the purpose of arriving at a complete and final settlement at the earliest possible date.

Accept [etc.]

For the Secretary of State:

WILLARD L. THORP

² Frigates (PF), as Secretary of the Navy Forrestal pointed out to Secretary Marshall in his letter of June 11, 1947, were substantially the same as destroyer escorts, and being combatant ships, their sale or transfer was not permitted by current statute; *Foreign Relations*, 1947, vol. iv, p. 694.

861.24/1-2948

*United States Minutes of Third Combined Meeting on Lend-Lease
Settlement Negotiations*¹

SECRET

[WASHINGTON,] January 29, 1948.

PRESENT

U.S.

Mr. W. L. Thorp,
U.S. Chairman
Mr. L. E. Thompson
Mr. W. C. Armstrong
Mr. C. E. Truesdell,
U.S. Assistant Secretary

U.S.S.R.

The Soviet Ambassador, Mr.
Alexander S. Panyushkin
Mr. A. A. Arutiunian
Mr. N. I. Cheklin
Mr. Koulakov, Interpreter

Mr. Thorp expressed to the Soviet Ambassador his regret that the meeting previously scheduled for January 27 had to be postponed because of circumstances beyond his control. The Soviet Ambassador indicated his understanding of the situation and stated that he was ready to proceed.

Mr. Thorp opened the discussion by referring to the eight merchant vessels which the U.S., in its note of December 11, 1947, had requested be returned to the United States by February 9. He stated that the U.S. Side would appreciate being advised of the time and the ports to which these vessels would be returned, since the U.S. must arrange for crews to take them over upon their arrival in the U.S. He said he had not wished to send another note on the subject. The Ambassador replied that it was his feeling also that a note was not necessary and that the U.S.S.R. Side would "deal with" the matter but was not prepared to make a reply at the present moment. He indicated that consideration was required. Mr. Thorp stated that he had assumed the Ambassador would not have the information immediately available, but that the U.S. would require an answer within the next few days. The Ambassador repeated that "we shall deal with" the matter. Mr. Thorp suggested that further discussion might clarify any doubt. He said that, since the opening of negotiations, certain items lend-leased to the Soviet Government were segregated as not being subject to discussion and must be returned to the United States. He emphasized that these vessels were not a subject for discussion and that our notes had requested their return. The Ambassador replied that it would seem proper that the individual topics which the U.S. Side had presented should be considered together with other topics in the over-all settlement negotiations but that the U.S.S.R. Side would "deal with" the question of these eight ships. In principle, he stated that any items

¹ These are not agreed combined minutes. This meeting was held in the Department of State, beginning at 4:00 p. m.

delivered under lend-lease should be considered in the whole complex of the lend-lease settlement. Mr. Thorp expressed his regret that this difficulty should have arisen at the opening of the negotiations but he said he could not agree with the Soviet position. He stated that the U.S. has the right under the Lend-Lease Agreement of June 11, 1942, to require the return of articles needed by the United States. He referred the Ambassador to the newspapers which show the need of the U.S. for the eight vessels. He repeated that there is no settlement problem with respect to these eight ships. The problem of settlement is concerned only with items kept by the Soviet Government and not consumed during the war and these are the items for which the U.S. requests payment in the settlement. Our request for return of certain articles is in accord with the provisions of the Lend-Lease Agreement. The Soviet Ambassador reported that the U.S.S.R. Side would consider the question of the eight vessels and "deal with" them.

With respect to the last statement made by Mr. Thorp the Ambassador said that he was obliged to mention that the Soviet note of December 16, i.e. the items in that note, proceeded from the provisions of the Lend-Lease Agreement of 1942. As he had already stated, the Agreement of 1942 was a preliminary one and, in accordance with its terms, the final settlement was postponed until the course of events should make clear the final terms and conditions and benefits which will be in the mutual interests of the U.S.A. and the U.S.S.R., and will promote the establishment of world peace. He reminded the U.S. Side that at the last meeting the U.S.S.R. Side had stated that the U.S. position was not correct in its approach and was not in accord with the Agreement of 1942 since it divided articles into three groups. The U.S.S.R. approach, however, was in accord with this Agreement. The Ambassador referred specifically to the Merchant Ship Sales Act of 1946. He said the Agreement of June 1942 was a bilateral Act but the Ship Sales Act was one of several unilateral Acts on which the United States bases its position. He recognized the points made by the Department of State when it referred to laws and acts passed since June 11, 1942 but the Soviet Side bases its own position on the Agreement of June 11, 1942. He recognized that it was possible for the U.S. to pass laws but lend-lease had stopped by 1946. He said it is necessary for the two Sides to come to a settlement based on the Agreement of 1942. The Ambassador agreed that the approaches of the two Sides differed and that therein was the crux of the problem. He repeated that the Soviet Side was proceeding according to the spirit of the Lend-Lease Agreement and stated that it was desirable that the U.S. proceed in the same spirit. This was all the more important since in the first Article of the Agreement it was stated that the U.S. was assisting in

the defense of the U.S.S.R. and in the second Article the U.S.S.R. was assisting in the defense of the U.S.

Mr. Thorp replied that it seemed clear that there was not a meeting of minds and that the difference was probably due to a misunderstanding. Referring to the legislation since June 11, 1942, which the Soviet Ambassador felt was an attempt to modify the Agreement, he stated that in the Agreement there was a specific promise that the U.S.S.R. would return to the U.S. items not lost, destroyed or consumed. At the time the Agreement was signed the U.S. had a large fleet of vessels some of which were turned over to the U.S.S.R., later to be returned to the U.S. The Ship Sales Act of 1946 made it possible for the U.S. to sell certain of these vessels, and were it not for this legislation the U.S. would have been required to ask for the return of all of these ships. The U.S. now has authority to negotiate as to certain of the ships, but this is not complete authority. Not only the eight merchant vessels but the icebreakers and others do not come under this authority. The legislation described as unilateral is beneficial to the U.S.S.R. and without it all ships would have to be returned to the U.S. under the Agreement.

Mr. Thorp stated that the U.S. Side would like to understand the Soviet position and, to that end, would appreciate an explanation of the Soviet interpretation of Article V. He observed that this was the critical point in the discussion and that in English the language reads clearly. He said that because of that Article and the spirit of the Agreement, the U.S. has disregarded a total of more than \$8 billion of lend-lease aid to the U.S.S.R. It is also because of that Article that the U.S. states that certain articles must be returned since they are of use to the United States. The U.S. does not propose to use this Article except for those items which are clearly not destroyed, lost or consumed and of use to the United States. Mr. Thorp again requested an explanation of the Soviet interpretation of Article V and expressed his hope that the matter could be settled quickly.

The Soviet Ambassador, in reply, stated it to be his desire also to keep the discussions short, but Article V read just as clearly in Russian as it did in English. However, he did not believe the situation was critical if the U.S. would proceed in the spirit of the Agreement. He said that articles delivered to consumers are articles destroyed, lost or consumed. The Agreement does not subdivide articles into several categories but had the one purpose of achieving the defeat of the common enemy. He stated that the U.S.S.R. understands Article V and then asked for a statement of the intentions of the U.S. with respect to Article VI which also contained promises, that in the final determination, the benefits provided by the U.S.S.R. to the U.S.A. would be taken into consideration. The Ambassador stated that according to

the spirit of the Agreement the U.S. note of December [January] 23 was a unilateral act. He observed that this was a résumé of a subject on which he could speak at length but he felt that what he had said was the substance of the matter. He added that the benefits to the U.S. from the U.S.S.R. had been mentioned by high officials of the U.S. Government; for example, President Roosevelt, in the Thirteenth Report (to Congress on Lend-Lease Operations), had said that thanks to the U.S.S.R. the war would be much shorter. This, he observed, was the main benefit to the United States from lend-lease.

The Ambassador reiterated that, if a comparison was made of the advantages to the U.S.S.R. with those to the U.S., it would be clear that the advantages to the U.S. would be much higher than those which the U.S.S.R. received from lend-lease supplies. He said that Article VI of the Agreement clearly states that the advantage to the U.S. of all property and services provided by the U.S.S.R. would be taken into consideration and the Soviet note of December 16 had taken this approach.

Mr. Thorp replied that Articles V and VI were contained in the agreements which the U.S. had executed with other countries. These articles he said represented the fact that assistance flowed in both directions and that there should be an offset. This, as the United States understood it, related to economic considerations which are the substance of the lend-lease agreements. The U.S. is willing to recognize the Soviet contribution as is evidenced by the U.S. estimates presented to the Soviet delegation last spring.² Since there had been so few U.S. troops in the U.S.S.R., assistance received by the U.S. from the U.S.S.R. was smaller than in the cases of other countries where U.S. troops had been present in larger numbers. The actual assistance received by the U.S. from the U.S.S.R. had been calculated as several million dollars. As to whether the contribution to victory of one country was greater than that of the other, was not a question which the U.S. considered wise to include in these discussions. Lend-lease shortened the war for both countries and the U.S. is taking into consideration the U.S.S.R. contribution to the over-all victory.

Referring to the Soviet position that no distinction should be made between military and civilian items, Mr. Thorp said that, in an effort to be as generous as possible in the settlement, the U.S. was not requesting the return of or payment for a very large number of items, even among those not destroyed, lost or consumed. The U.S. realizes that military articles are not easy to assemble and to record and are of use

² See the first estimated inventory handed to the delegation of the Soviet Union at the lend lease negotiations at the meeting on May 13, 1947, and the supplementary memorandum of June 10, handed to the Soviet delegation on the next day; *Foreign Relations*, 1947, vol. iv, p. 687 and p. 692.

to no one when the war was completed. The U.S. decision in this respect is to be generous to the maximum extent. Mr. Thorp expressed the hope of the U.S. Side that the U.S.S.R. would not insist on identical treatment of military and civilian items as, in this event, the U.S. would be obliged to increase the items not lost, destroyed or consumed, for which payment would be asked.

He said that he was particularly interested in one point made by the Soviet Side: that an item is consumed when it passes to a consumer. He gave as an example a new automobile delivered one week before the end of the war and turned over to an individual in the U.S.S.R. and asked how such an article could be defined as consumed. In some instances automobiles are consumed very rapidly as in a crash, but generally it is difficult to consume such an article until it is used up over a period of time. As to machinery, Mr. Thorp asked who in this case was the consumer. He suggested that the word "consumed" should be discussed thoroughly since it may represent the point of misunderstanding. He said the Ambassador could aid by explaining in terms of detailed items and added that the terms "destroyed, lost or consumed" clearly referred to items which could not be returned. If the Soviet definition were to be accepted other words would have been included in the original agreement. He said that this statement meant that there was no question in the negotiations as to any item which could not be returned to the United States. As an example he said that a ship which had been turned over to a ship's captain, would not have been considered as consumed, but, if the Soviet definition were followed, it would mean that to be consumed an item would merely have been turned over to someone else.

The Soviet Ambassador jokingly remarked upon the length of Mr. Thorp's statement, but said that he now understood why the U.S. Side considers the 1942 Agreement an economic agreement. He observed that by its title the Agreement of June 11, 1942 is not economic but an agreement on the principles of mutual aid in the war against aggression. Assistance in the war against the common enemy was not a commercial transaction and neither the U.S. nor the U.S.S.R. intended to trade in men. He said the U.S.S.R. position did not emphasize that point. Mutual aid, which was the goal of the Agreement, was intended to shorten the war and to make human losses as small as possible. Therefore, it is incorrect to consider the agreement as purely economic; it is political, a military-political agreement. If the U.S. considers it a purely economic agreement, it should reconsider its position.

Mr. Thorp replied to the Ambassador stating that, if the agreement had been an economic one, the U.S. would have asked for \$11 billion many months ago. Because of this aspect the U.S. request is but a

small part of the total. He said that it was interesting to note that, in the cases of all the other Allies, their understandings of the meaning of the Agreement had been the U.S. understanding also. He pointed out to the Soviet Ambassador that the Agreement stemmed from the "Lend-Lease Act" and included both the concept of "lending" and the concept of "leasing", both of which terms convey the fundamental concepts of returning or of compensation and reminded the Ambassador that in the early days of the war Mr. Stalin had agreed to payment for the first \$1 billion of lend-lease aid and later agreed to payment for a second \$1 billion before the agreement of June 11 was concluded.³ Mr. Thorp concluded by stating that, if the U.S.S.R. still was thinking in terms of goods undelivered at the end of the war, he would like to have more of an explanation from the Soviet Side as to its interpretation of the word "consumed". Consumed, he pointed out, could not be related to ownership but referred to the physical state of the goods and the possibility of their return.

After a brief pause the Soviet Ambassador replied that, with respect to the physical state of the goods, in peacetime an auto crashes and is consumed because of drunken driving or for other causes; however, in war, one shell is all that is necessary. He reiterated tersely that all goods transferred to consumers were destroyed, lost, or consumed. Goods received after September 2, 1945 and those received before that date and not distributed, were indicated in the paper submitted on June 11, 1947. The list includes a group of items, including aircraft, tractors, machinery, infantry armament, communication equipment, railroad rolling stock, medical supplies, naval ships, food, industrial equipment, etc. The answer to the U.S. question of lost, destroyed or consumed is in that document.

Mr. Thorp agreed that goods which had arrived in the U.S.S.R. after September 2, 1945 were not consumed in the war and also that large quantities of articles which arrived before the end of the war were undoubtedly destroyed by bombs or in other ways. However, he said that all items which had arrived before September 2, 1945 could not have been destroyed, lost or consumed. Many items must still be usable and he hoped were still in use in the U.S.S.R., e.g., autos and trucks. He reiterated that the U.S. Side could not accept the

³ Regarding the first loan of one billion dollars for the Soviet Union in 1941, see *Foreign Relations*, 1941, vol. I, pp. 851-852, 855, 857, and also pp. 654-655. For the second loan of one billion dollars in 1942, see *ibid.*, 1942, vol. III, pp. 690-691, 691-692, and 693-694. Further see the exchange of notes between Secretary of State Cordell Hull and the Ambassador of the Soviet Union Maxim Maximovich Litvinov on June 11, 1942 at the time of signing the Lend Lease Agreement, whereby these two prior arrangements were considered as being replaced and rendered inoperative, together with a statement by the Department of State issued to the press on June 12, 1942; Department of State *Bulletin* June 13, 1942, pp. 531-535.

automatic notion that all such items had been consumed. He explained that in the case of the U.K., a complete survey had been made of the items which still existed at the war's end and had been the basis of the final settlement. In the case of the U.S.S.R., the U.S. had requested an inventory several times but had never received it. Consequently, the U.S. had used its best efforts to estimate the time the goods had lasted under war conditions. The figure arrived at was our best estimate based upon the examinations made in other countries. Mr. Thorp invited the Soviet Side to present evidence that the figures were incorrect. He described them as the best that could be arrived at by the U.S. Referring to ships, Mr. Thorp stated that they are not lost or consumed, nor were the refineries, power plants and many other items. Some had seen some destruction, undoubtedly, but the U.S. had made its best attempt to estimate this and had presented the resultant figures to Mr. Arutiunian.

The Soviet Ambassador replied by referring back to the U.S.S.R. document of June 11, 1947 which listed the items received before September 2, 1945 but undistributed on that date. He went back again to the preamble of the Agreement, stating that it indicated the Agreement was one of mutual aid and that it was now evident that the advantages received by the U.S., thanks to the U.S.S.R. war effort, were greater than those received by the U.S.S.R. under lend-lease. He repeated that the Agreement dealt with this aspect and that the defense of the U.S.S.R. was the defense of the U.S. After again repeating this theme, the Ambassador said that the U.S.S.R. must approach the Agreement as a political one and the Soviet position in this respect was correct. He said it was not clear to the U.S.S.R. Side why the U.S. ignored the fact that the Agreement of 1942 was preliminary only. If that fact were not considered by the U.S., it would be a unilateral action. He said the U.S.S.R. would agree to pay for goods in Soviet ports and bases not transferred to final consumers on September 2, 1945 and to pay on long term credits at agreed prices for all merchant ships and for the icebreakers. Also the U.S.S.R. was taking measures to make satisfactory agreements with U.S. holders of patents on processes in the oil refineries and was agreeable to consider the proposal of the U.S. regarding local currency. The Ambassador concluded that this offer covered all the points and reiterated that the U.S.S.R. did not approach the matter as a purely commercial transaction. He noted that two meetings had been devoted to the attempt to clarify the documents.

Mr. Thorp replied to the Soviet thesis that the lend-lease goods provided to the U.S.S.R. were of more benefit to the U.S. than to the U.S.S.R. He said that in meetings with Soviet and American officials

on the Protocols,⁴ he had obtained the first hand impression that the items requested by the U.S.S.R. were of tremendous importance in winning the war. The question as to the goods used up in the winning of the war is not a problem. The only remaining problem is that concerned with the items left at the end of the war. Mr. Thorp stated that the U.S. recognized that the Agreement was preliminary but he also pointed out that it spells out the final considerations, one of which was the principle that items not used up are returnable to the U.S. or subject to settlement. While he agreed to the preliminary nature of the agreement, he said it was also obvious that, if the agreement has any meaning at all, these latter provisions contain that meaning and establish the principle of return. A way must be found to arrive at a figure based upon the cost of the residual articles to the U.S. and the value of these articles to the U.S.S.R. Such a figure would be a basis for a lump sum settlement which the U.S. side hopes may be agreed upon.

Before concluding Mr. Thorp again stated that, he was obliged to point out certain items not lost, destroyed or consumed. Ships, he stated, are the items in point. The U.S. expects the return of the eight vessels by the date set and, since these are needed in the U.S., they must be returned as stated in the U.S. notes.

The Ambassador stated that he would "deal with" the question of the ships and, as to the other points, the U.S.S.R. position is clear from the notes and discussions.

Mr. Thorp suggested adjournment and the Soviet Ambassador agreed.

The meeting was concluded at 5:50 P. M.

⁴For these protocols see Department of State Publication 2759, European Series 22, *Soviet Supply Protocols* (Washington, Government Printing Office, [1948]), and the press release of April 9, in Department of State *Bulletin*, April 18, 1948, p. 523.

861.24/1-3148

The Ambassador of the Soviet Union (Panyushkin) to the Assistant Secretary of State for Economic Affairs (Thorp)

Translation

CONFIDENTIAL
No. 18

WASHINGTON, January 31, 1948.

SIR: In connection with your letters of January 17 and 23, 1948 in which the desire of the Government of the USA is expressed that the question of the eight merchant vessels mentioned in your note of December 11, 1947 not be included in the negotiations for the Lend-Lease settlement, I inform you that the Government of the Soviet

Union has given instructions to the competent Soviet authorities in regard to handing over to the appropriate American authorities these eight vessels.

The transfer of these vessels to American representatives may be carried out in the following ports on the dates indicated below :

(1) The tanker "Krasnaya Armiya" in Hong Kong where it is located at the present time, between February 1-9.

(2) The tanker "Elbrus" in Trieste between February 10 and 15.

(3) The remaining six vessels—in one of the ports of South Korea on the following dates :

"Elba" [*Emba*] and "Belgorod"—between February 20-29,

"Apsheron" and "Maikop"—between March 1-10,

"Taganrog" and "Lev Tolstoy"—between March 10-15.

In addition it is proposed that the transfer of the ships take place by means of a brief bill of receipt with an enclosed inventory list.

The transfer has been entrusted to the captains of these vessels.

I should be grateful for information as to which of the ports of South Korea is more convenient to the Government of the US for receiving these vessels as well as who will be empowered to accept these vessels in behalf of the U.S.

Accept [etc.]

A. PANYUSHKIN

861.24/1-3148

*The Secretary of State to the Ambassador of the Soviet Union
(Panyushkin)*

WASHINGTON, February 6, 1948.

EXCELLENCY: I have the honor to acknowledge receipt of your note No. 18 of January 31, 1948 agreeing to the return to the Government of the United States of the eight lend-lease merchant vessels requested in my note of December 11, 1947.

Delivery of the tanker *Krasnaya Armiya* will be accepted by the Government of the United States immediately in the port of Hong Kong by a United States representative who will be duly accredited by the Consul General in that port. Delivery of the tanker *Elbrus* will be accepted between February 10 and 15 in the port of Trieste by a United States representative who will be duly accredited by the United States Political Adviser to the Commander, British-United States Zone of the Free Territory of Trieste. A further communication will be forwarded to you within the next several days concerning arrangements for delivery to the Government of the United States of the tankers *Emba*, *Belgorod*, *Apsheron*, *Maikop* and *Taganrog* and the dry cargo vessel *Lev Tolstoi*.

It is desired to point out to Your Excellency that, while the Government of the United States agrees to accept the return of these particular vessels in other than United States ports, this action should not constitute a precedent in interpreting the phrase in the Agreement of June 11, 1942 whereby the Government of the Union of Soviet Socialist Republics undertook to return lend-lease articles to the United States of America.

Accept [etc.]

For the Secretary of State:
WILLARD L. THORP

861.24/2-1748

The Ambassador of the Soviet Union (Panyushkin) to the Assistant Secretary of State for Economic Affairs (Thorp)

Translation

No. 27

[Received, WASHINGTON, February 17, 1948.]

SIR: In reply to your note of February 12, 1948,¹ in which the desire of the Government of the USA is expressed that the tankers *Emba*, *Belgorod*, *Apsheron*, *Maikop* and *Taganrog*, and also the dry-cargo vessel *Lev Tolstoi* be delivered to the American authorities, not in South Korean ports, but at the port of Yokohama, Japan, I have the honor to inform you that the Soviet Government agrees to deliver the above-mentioned vessels at the port of Yokohama within the period mentioned in my letter to you of January 31, 1948.²

Accept [etc.]

A. PANYUSHKIN

¹ Not printed.

² By a letter dated February 26, 1948, the Department authorized Vice Admiral Smith as Chairman of the Maritime Commission to accept delivery of these vessels, and to declare the five tankers as surplus under the Surplus Property Act of 1944, as amended. In the national interests of the United States, however, any sale of these tankers under that Act must be only to citizens, or to corporations or firms owned by citizens, of the United States. (861.24/2-648)

861.24/2-2448

The Ambassador of the Soviet Union (Panyushkin) to the Assistant Secretary of State for Economic Affairs (Thorp)

Translation

URGENT

WASHINGTON, February 24, 1948.

No. 35

SIR: In my letter of January 31 I informed you of the measures adopted by the Government of the USSR on the question of the transfer to American representatives of eight merchant vessels, and I also communicated the proposal of the Government of the Soviet Union

that the transfer of the vessels be carried out by means of brief bills of receipt with an enclosure of the inventory list.

No remarks were contained in your letter of reply of February 6 or in the supplementary letter of February 12 concerning such an arrangement for the transfer of the vessels. However upon receipt in Hongkong of the tanker *Krasnaya Armiya*, the American representatives demanded that the vessel be brought to dock, that a screw be removed, that a tail shaft be extracted, that the Kingston pins be worked over, that the anchor chains be repainted and that other work be performed. In view of these demands the transfer of the tanker referred to is being delayed.

In informing you of the foregoing, I request that measures be taken so that the American representatives in Hongkong immediately be given instructions to revoke these unfounded demands and to receive the vessel without delay by means of a brief bill of receipt with an enclosure of the inventory list.

I should be grateful if you would rapidly inform me of the measures which you have adopted.

Accept [etc.]

A. PANYUSHKIN

861.24/2-2448

The Ambassador of the Soviet Union (Panyushkin) to the Assistant Secretary of State for Economic Affairs (Thorp)

Translation

No. 36

WASHINGTON, February 24, 1948.

SIR: I have the honor to inform you of the agreement of the Soviet Government to acquire the 36 dry-cargo vessels of wartime construction which it received under lend-lease, at prices announced by the American side on June 25, 1947.

The Soviet Government also agrees to effect payment of the cost of these vessels on conditions established by the Act of March 8, 1946.

At the same time it would be desirable to receive from you a report concerning the sale price of the two tugs of wartime construction received by the Soviet Government under lend-lease.

I should be grateful to you for a speedy reply to the foregoing questions.

Accept [etc.]

A. PANYUSHKIN

861.24/2-2548

*United States Minutes of Fourth Combined Meeting on Lend-Lease
Settlement Negotiations*¹

SECRET

[WASHINGTON,] February 25, 1948.

PRESENT

U.S.

Mr. W. L. Thorp,
U.S. Chairman
Mr. H. R. Labouisse, Jr.,
U.S. Deputy Chairman
Mr. W. C. Armstrong
Mr. G. E. Truesdell,
U.S. Assistant Secretary

U.S.S.R.

The Soviet Ambassador,
Mr. Alexander S. Panyushkin
Mr. N. I. Cheklin
Mr. Koulakov, Interpreter

Mr. Thorp greeted the Soviet Ambassador and remarked that he had noted Mr. Arutiunian's recent speech in New York with much interest. He said that it was a good but lengthy dissertation and his only criticism concerned the unfortunate remarks made against the United States. The Ambassador replied that Soviet representatives criticized the United States and, on the other hand, United States representatives criticized the Soviet Union.

The Ambassador stated that his purpose in requesting today's meeting was to discuss one minor point. He observed that at the last meeting, which had been a long one, each side had agreed to study the viewpoint of the other. He said that Mr. Thorp had made this proposal and that he had agreed for the Soviet side. He referred to the recent Soviet note concerning the return to the United States of 8 lend-lease ships and stated that minor troubles had arisen in connection with the return of one of these ships as set forth in his note of February 24, 1948. A second point which he proposed to discuss at this time concerned the purchase of the 36 war-built ships as mentioned in a second note forwarded to Mr. Thorp on February 24. The Ambassador observed that in agreeing to the purchase of the 36 war-built ships, the Soviet side had taken into account the wishes of the United States Government as set forth in the United States note of January 23. He observed that this was in accord with the United States position stated by Mr. Thorp at the last meeting. The Ambassador proposed to discuss the question of the 36 war-built ships first.

Mr. Thorp replied by referring to the ship in Hong Kong which the Ambassador had stated to be the source of minor difficulties. He said that the Soviet note in regard to this ship had come as a complete surprise and that the United States side had cabled Hong Kong regarding

¹ These are not agreed combined minutes. This meeting was held in the Department of State, beginning at 4:00 p. m.

the matter. He informed the Ambassador that our instructions had been to the effect that the redelivery of the 8 vessels should take place without delay upon completion of the inventory. He said that it was a fact that certain things had to be done to the ship in Hong Kong but that these things were to be done by the United States and paid for by the United States. The Soviet Government is not required to carry out any of these operations and it is not suggested that the Soviet Government should assume these responsibilities. He further stated that it was the belief of the Department that the transfer of this vessel had already been accomplished.²

The Soviet Ambassador replied that there appeared to be a misunderstanding and that he did not intend to create a difficulty which apparently did not exist. Mr. Thorp responded that the United States also did not wish to create difficulties.

Mr. Thorp referred to the Soviet note concerning the purchase of the 36 war-built vessels. He expressed his satisfaction that the two sides had been able to reach agreement on this part of the lend-lease problem and defined the Soviet note as a further step in the direction of an over-all lend-lease settlement. He then asked the Ambassador whether the Soviet note meant that these are the only ships which the Soviet Government wished to purchase or whether there will be a series of notes concerning different problems. He said that it was the United States understanding that the Soviet Government wished to buy all of the merchant vessels. He said he was not clear as to the present Soviet position. The Ambassador replied that he was desirous of settling this particular matter. With reference to the principle concerning the sale of all ships as set forth in the Soviet note of December 16, his desire to consummate the sale of the 36 ships separately did not in any way contradict the proposal made in this note nor did it contradict the proposals in the United States note of January 23. He observed that the United States note expressed the willingness of the United States to sell all of the ships. Mr. Thorp stated that he continued to be puzzled as to why the Ambassador had not mentioned the other ships. The Ambassador replied that he desired to purchase the remaining ships but that his proposal in his note of February 24 did not run counter to the United States position. He said that the disposition of the remaining vessels would be taken care of in the future. Mr. Thorp stated that he assumed the Ambassador would wish to negotiate with respect to the remaining vessels.

Mr. Thorp introduced the subject of naval vessels, referring to the three ice-breakers and the 28 frigates which the United States desires

² Final delivery of the tanker *Krasnaya Armiya* was reported to have been accomplished on February 26, 1948, at 9 a. m., Hong Kong time.

be returned to the United States, and to the United States request for a list of other naval ships which the U.S.S.R. desires to purchase. He said that the United States side was completely in the dark in regard to this matter. He suggested that the Ambassador might wish to have a group of experts discuss this problem or the Ambassador might wish to discuss this matter at the next meeting. The Ambassador replied that he preferred to discuss naval ships at the next meeting. He then mentioned that Mr. Labouisse had presented to Mr. Arutiunian some time ago³ a list of prices and terms acceptable to the United States in the sale of the 36 war-built merchant ships.

Mr. Thorp referred to the proposed outline of main points of settlement presented to the Soviet Delegation on June 25, 1947 and read from the first paragraph of that outline as follows: "As both sides have understood from the outset, the reaching of agreement upon any one issue is tentative and subject to the conclusion of a satisfactory comprehensive settlement". He said that with respect to the sale of the 36 ships, the United States can say that agreement has been reached and that the matter now remains for inclusion in the over-all settlement agreement and further discussion of this matter is unnecessary until the other points have been settled. He stated that the United States side was pleased to have this matter set aside so that attention could be directed to other problems and, eventually, to the final agreement.

The Soviet Ambassador asked if the United States had any objection to the sale of these 36 war-built ships. Mr. Thorp replied that the United States did not have any objection to such a sale as a part of the over-all settlement. The Ambassador stated that he was satisfied with this statement by Mr. Thorp and asked where and when the advance payment should be made as required by the Merchant Ship Sales Act. Mr. Thorp replied that such a payment would not be necessary until an over-all settlement is reached. However, he would send a reply to the Ambassador's note concerning the 36 war-built ships on or before Friday, February 27.

The Ambassador asked if he could report to his Government that the United States had no objection to the sale of the ships. Mr. Thorp replied that he could report that the United States had no objection to the sale as a part of the over-all settlement.

The Soviet Ambassador stated that he, too, desired an over-all settlement. However, he pointed out that since 1946 the United States had offered to sell these ships separately. Mr. Thorp stated that in 1946 the United States had offered the vessels for sale under the terms of the

³ See in the Outline of Main Points of Settlement, June 25, 1947, *Foreign Relations*, 1947, vol. iv, p. 696.

Merchant Ship Sales Act and that the Soviet Government by note dated in April 1946 stated that it would consider this matter in the over-all settlement negotiations.⁴ The United States had agreed to this procedure and adhered to it since that date.

The Ambassador agreed that there was no difference in the two approaches to the problem but he felt that a separate sale of these vessels would not be contradictory to the United States position. He asked, if the United States had settled concerning the return of the 8 vessels why would it not then settle separately for the sale of these 36 ships. He said that this was contradictory in as much as the United States had no objection to the sale of the vessels.

Mr. Labouisse explained that the procedure now proposed by the United States side for the sale of the merchant vessels was most unusual. If the United States had followed the customary procedure the Soviet Government would have been required to purchase the ships under the complicated procedure of the Merchant Ship Sales Act. However, the United States in order to simplify the procedure had used the lend-lease settlement mechanism. The Department of State, although using the lend-lease mechanism, is required to follow the usual practices in regard to prices and terms. Otherwise it would be subject to criticism.

The Soviet Ambassador replied that the United States had already settled for the 8 ships and asked again why it could not settle separately for the others. Mr. Labouisse replied that the 8 vessels were not for sale and that the United States holds title to all the lend-lease merchant vessels now in Soviet custody. The Ambassador again asked the question why we could not handle this matter separately from the over-all settlement. Mr. Thorp stated that the United States has definite procedures for the sale of merchant vessels. Under this procedure the Soviet Government might not get any of these were it not for the lend-lease procedure under which the ships would be transferred directly to Soviet custody. He said that this was most important since authority to sell the ships under the usual procedure will expire in a few days. He said that the Maritime Commission had agreed to the Department of State's transferring these ships in the over-all lend-lease settlement but *not* as a separate sale. He said that it was apparent that an over-all agreement should be reached on other matters as rapidly as possible.

The Ambassador again asked why the sale of the 36 war-built ships could not be completed now. Mr. Thorp replied that the United States desired to have all parts agreed upon before a final over-all settlement is reached. He concluded by repeating that the United States would

⁴ Regarding the note of April 22, 1946, from the then Chargé of the Soviet Union Nikolay Vasilyevich Novikov, see *Foreign Relations*, 1946, vol. VI, footnote 9, p. 831.

reply to the Soviet note by Friday. Thereafter discussions could be held concerning naval vessels, remaining merchant vessels and other problems whenever the Soviet Ambassador desired and Mr. Thorp was not otherwise occupied in New York City.⁵

The Ambassador requested information as to whether or not the United States decision to sell the merchant vessels was firm and whether or not the expiration of the Merchant Ship Sales Act would affect the sale of these vessels under lend-lease. Mr. Thorp replied in the negative, stating that this would not affect a lend-lease transfer.

After an exchange of remarks concerning the recent celebration of the 30th Anniversary of the Soviet Red Army⁶ and the reception held at the Embassy, the meeting adjourned at 4:55 P. M.

⁵ Assistant Secretary Thorp was the United States Representative at the Sixth Session of the United Nations Economic and Social Council at Lake Success, New York, between February 2 and March 11, 1948.

⁶ The celebration on February 23 of the creation of the Red Army in 1918.

861.24/2-2448

*The Secretary of State to the Ambassador of the Soviet Union
(Panayushkin)*

WASHINGTON, February 27, 1948.

EXCELLENCY: I have the honor to refer to the lend-lease settlement negotiations now under way between our two Governments and to your note No. 36 of February 24, 1948 in which you informed me of the agreement of your Government to acquire the thirty-six war-built merchant vessels received under the Lend-Lease Act at prices stated by the United States on June 25, 1947, and to effect payment for these vessels in accordance with the conditions established by the Act of March 8, 1946.

The agreement of your Government concerning these vessels resolves tentatively one of the several points necessary to a satisfactory comprehensive settlement of the obligations under the agreement between our two Governments of June 11, 1942. The Government of the United States is hopeful that the other points enumerated in the "Outline of Main Points of Settlement Proposed by the U.S. Side" presented to Soviet representatives on June 25, 1947 may be resolved without further delay so that all matters pertaining to lend-lease may be embodied in a comprehensive settlement agreement at the earliest possible date.

In this connection your attention is invited to the fact that at the first meeting of the Working Groups on May 3, 1947, United States representatives stated that, since the object of the negotiations was to achieve a satisfactory comprehensive settlement, agreement reached

on any particular subject was tentative and subject to agreement on all issues necessary to a general settlement. The Soviet representatives indicated their concurrence. Accordingly, the first paragraph of the "Outline of Main Points of Settlement Proposed by the U.S. Side" in keeping with the above-mentioned understanding reached by the representatives of our two Governments on May 3, 1947 reads in part as follows: "As both sides have understood from the outset, the reaching of agreement upon any one issue is tentative and subject to the conclusion of a satisfactory comprehensive settlement".

In the intervening period, until agreement has been reached on all necessary points, technicians of the United States Government will prepare the details applicable to the transfer of title to these vessels as a part of the over-all settlement agreement.

Accept [etc.]

For the Secretary of State:
WILLARD L. THORP

861.24/2-648

Memorandum by the Secretary of State to President Truman

SECRET

[WASHINGTON,] March 5, 1948.

MEMORANDUM FOR THE PRESIDENT

I am enclosing herewith a proposed memorandum determining the end of the emergency referred to in the Master Lend-Lease Agreements¹ and directing me to make determinations, under the authority delegated by you in Executive Order No. 9630 of September 27, 1945,² of the defense articles which are of use to the United States and, under such authority, to take measures to effect the return of such articles by the recipient lend-lease countries.

The lend-lease agreements with most of the governments of the lend-lease recipient countries other than the American Republics contain, in Article V, a provision under which the signatory governments have agreed to return to the United States "at the end of the present emergency as determined by the President" such defense articles as shall not have been destroyed, lost or consumed and as shall be determined by the President to be of use to the United States. The Soviet Government has been asked on several occasions to return to the United States in accordance with Article V of the Soviet Lend-Lease Agreement certain lend-lease merchant and naval vessels which must be returned because of requirements of United States law or because of our own

¹ Memorandum not printed; the text was identical with that of the Determination signed by the President on July 7, 1948; p. 997.

² For text, see Department of State *Bulletin*, September 30, 1945, pp. 491-492.

needs. Other governments, with which we have concluded lend-lease agreements containing similar undertakings to return, have complied with requests of this type without the formal determination of the end of the emergency. The Soviet Government, however, although it has recently agreed to the return of eight merchant vessels, has not as yet agreed to the return of the naval vessels and has taken, and may continue to take, the position that the matter of the return of lend-lease articles is subject to decision in the settlement negotiations. The settlement negotiations have moved at a very slow pace. A reply to our general settlement proposals of June 25 [1947] was received only on December 20 [1947] and, in spite of recent discussions, the Soviet position continues to differ widely from our proposals which follow generally the principles accepted in settlements with other countries.

A determination of the end of the emergency referred to in Article V of the various Lend-Lease Agreements is proposed in order to eliminate the only possible technical loophole that may be the basis of the Soviet position regarding the return of articles requested by us and may lend force to our position that settlement be made for all lend-lease articles returnable under Article V of the Master Agreement. Such a determination of the end of the emergency will affect only those countries with which there exist applicable Lend-Lease Agreements and with which lend-lease settlements have not been concluded. It will not affect the obligations with respect to the return of silver, which are contained in separate agreements with various lend-lease countries.

There is also enclosed a copy of a letter dated February 6, 1948 which I have received from the Attorney General³ giving his view that the proposed memorandum terminating the emergency would not have any adverse effect upon existing legislation and approving the proposed memorandum with respect to form and legality.

G. C. MARSHALL

³ The letter from Attorney General Tom C. Clark is not printed.

861.24/3-1248

*United States Minutes of Fifth Combined Meeting on Lend-Lease
Settlement Negotiations*¹

SECRET

[WASHINGTON,] March 12, 1948.

PRESENT

U.S.

Mr. W. L. Thorp,
U.S. Chairman
Mr. Robert G. Hooker
Mr. G. E. Truesdell,
U.S. Assistant
Secretary

U.S.S.R.

The Soviet Ambassador,
Mr. Alexander S. Panyushkin
Mr. N. I. Cheklin
Mr. Krotov, Interpreter

Mr. Thorp advised the Soviet Ambassador that he had completed his work at Lake Success and was ready to proceed more rapidly toward a conclusion of the lend-lease discussions. The Ambassador asked, possibly with intended jest, what success had resulted from the meetings at Lake Success. Mr. Thorp replied that it had been the most fruitful session he had yet experienced. He said the discussions were good, there was less waste of time, and he had learned more about the economic and social conditions of the world than he had at any previous session. He gave as an example Mr. Arutiunian's two and one-half hour speech on the U.S.S.R. which provided more knowledge on the Soviet economy than had heretofore been presented. Also he said that a number of problems had been more fully discussed than ever before. The Ambassador responded that the facts presented by Mr. Arutiunian were well known and must have been known previously to Mr. Thorp. Mr. Thorp confirmed this but remarked that the presentation of so much data in one package was most helpful.

Mr. Thorp then asked the Ambassador what method he would prefer in proceeding with the lend-lease discussions, separate meetings on individual subjects or continuance of the past practice of general discussions on all subjects. The Ambassador stated that he had no preference but was willing to continue according to the wishes of the U.S. side.

Mr. Thorp then stated that he desired to discuss several subjects at the present meeting. He pointed out that at the previous meeting Naval vessels had been mentioned and that the Ambassador had deferred discussion of the matter until the next meeting. Mr. Thorp summarized the negotiations on this subject pointing out that last year (Second Meeting-Combined Working Groups, May 7, 1947) the U.S.

¹ These are not agreed combined minutes. This meeting was held in the Department of State, beginning at 4:45 p. m.

had provided lists ² of all the Naval vessels transferred to the U.S.S.R. under lend-lease (File No. 3, D-10). He said that, of the vessels so listed, the U.S.S.R. had been requested to return the three icebreakers and twenty-eight frigates and had been asked to provide a list of these vessels which it desired to purchase. He observed that no information as to Naval ships had been contained in the Soviet note of December 16 and no information had subsequently been presented by the Soviet side. The Ambassador said he did not remember agreeing to discuss this point but that he would look into the matter. He mentioned the three icebreakers and twenty-eight frigates and asked what was meant by the statement that they had not been included in the Soviet note of December 16, 1947 ³ (File No. 20-1, D-61). Mr. Thorp stated that the translation he had of the Soviet note of December 16, 1947 stated that the U.S.S.R. desired to purchase the three icebreakers only but did not mention the other naval vessels.

The Ambassador replied that since most of these vessels had been distributed and thus had been lost, destroyed or consumed, they were not specifically mentioned. Mr. Thorp emphasized that these vessels could not be considered in the category of "lost, destroyed or consumed" since they remain in the hands of the Soviet Government. The Ambassador replied that Article V of the Agreement of June 11, 1942 provided that only those articles not used were returnable to the United States and these vessels had been distributed to users. Mr. Thorp replied that these ships were still in existence in the hands of the Soviet Government and could not be considered as lost. The Ambassador retorted that they had been "used". Mr. Thorp replied that the vessels had not been "used up" and he clarified this phrase by reference to the English text of Article V "destroyed, lost or consumed". The Ambassador replied that the Russian text of the agreement read "used". Mr. Thorp pointed out that there was only one official text of the June 11 agreement and that was the English text.

The Ambassador said that the point of the U.S.S.R. side was that the articles supplied by the U.S. to the U.S.S.R. were for the prosecution of the war and had been used to that end. He referred to the example given at a previous meeting (Third Combined Meeting, January 29, 1948, File No. 25, CM-3) that auto accidents in peacetime were rare but in wartime it took only one shell to destroy an article. He said that on the basis of the U.S. proposal, the U.S.S.R. would be obliged to pay for articles damaged or used up in the war. He said the settlement for lend-lease was not like paying for things in peacetime, thus the U.S.S.R. counts all articles received during the war as coming under

² Four detailed lists had been handed over at this meeting, none printed, but see *Foreign Relations*, 1947, vol. iv, footnotes 2 and 3, p. 688.

³ *Ibid.*, p. 715.

the agreement of June 11, 1942. He referred to the meeting wherein, he stated, the U.S. had acknowledged this agreement was not economic (CM-3, January 29, 1948). He said the results achieved by the U.S. due to the Soviet war effort were immeasurably greater than the lend-lease aid which the U.S.S.R. had received from the U.S. and this, he said, was recognized by everyone and the U.S. must take it into account. He emphasized that, in spite of this, the U.S.S.R. was willing to settle on the basis set forth on December 16.

Mr. Thorp expressed his great surprise at the Soviet attitude regarding the naval vessels. He said that total lend-lease aid to the Soviet Union amounted to \$11 billion and that the U.S. was discussing only a small part of this total. He then pointed out that each vessel had been turned over to the Soviet Government on the basis of a formal lease or agreement to execute a lease and stated that the U.S. asks no payment for the war use of these vessels but asks only that they be returned or that an offer for their purchase be made. In closing the discussion on this point, Mr. Thorp emphasized that these vessels were no longer needed for military purposes and that the U.S. had a clear choice either to ask for their return or to offer them to the U.S.S.R. for purchase and then suggested that this point be studied and clarified.

Turning to merchant vessels, Mr. Thorp stated it to be his assumption that, on the basis of the note of December 16, 1947, the Soviet Government desired to purchase all the merchant vessels. The Ambassador confirmed this but added that the three icebreakers were included in the Soviet offer. He remarked that the question of the thirty-six war-built vessels had already been agreed upon.

Mr. Thorp again referred to the Soviet note of December 16, specifically item 3 on the subject of patents, and asked if the Ambassador proposed to work out agreements directly with the U.S. firms or if he had some other arrangements in mind. The Ambassador replied that the Soviet Government would take the necessary steps to conclude agreements with the U.S. patent holders. He said that this was only one small portion of the problem but that he agreed with the U.S. position that the agreement should be complete and final. Mr. Thorp then asked if the U.S.S.R. would conclude these agreements before the over-all settlement was reached and if any progress had as yet been made with the individual firms. The Ambassador replied that the agreements with the individual firms must be concluded before the over-all agreement is signed. Mr. Thorp then asked whether this meant that the U.S.S.R. would begin these discussions immediately. The Ambassador said that the U.S.S.R. could not negotiate immediately with the U.S. firms but this was not such a large task that it would hinder an over-all settlement. Mr. Thorp asked what would happen if a firm should ask too much even though the U.S.S.R. was willing to settle.

This, he said, might present a difficult situation and arrangements should be made so that it would not become a continuing problem. The Ambassador again stated that the U.S.S.R. would take the necessary measures to conclude satisfactory agreements with the firms. Mr. Thorp then queried as to who would determine what a satisfactory agreement would be and expressed his feeling that this element could be most disturbing. The Ambassador gave a short answer by observing that a lot could happen to most anything. Mr. Thorp stated that he wanted to make certain that there would be agreements with the firms and asked that a summary of the progress made with the individual firms be presented at a future meeting. He recalled that the Soviet side had conducted some negotiations of this sort last fall but he said he did not know what problems had been involved. He said that the Laws of Congress required that the firms receive full payment and that any settlement must be such as would have the approval of Congress. The Ambassador retorted that he would discuss the matter at some future meeting. Mr. Thorp concluded discussion of this point by emphasizing that this problem could not be disregarded.

Mr. Thorp then continued by stating that the U.S. had two further points to bring before the meeting. He referred to lend-lease cargoes insured by the Soviet Government on which the Soviet Government had paid the premiums and had collected the proceeds. He said the Soviet Government had made a payment of \$7,000,000 in 1943 in partial satisfaction of this claim but the U.S. did not know whether this payment had settled the account and does not have the necessary information. He asked the Ambassador if he could provide the information so that a final settlement of this account could be made. The Ambassador said he was not yet prepared but would make inquiries and then reply.

Mr. Thorp then mentioned another claim, that concerning ocean freight charges for goods delivered by the U.S.S.R. to the U.S. on a contract concluded in 1942. He said the amount due was slightly less than \$7 million and that, since the contract was one made independently of lend-lease, the Ambassador might wish to consider whether or not he wished to discuss the claim in the lend-lease settlement. The Ambassador said he did not know how he desired to discuss this problem. Mr. Thorp said that bills had been set to Amtorg⁴ without results and asked if another bill should be sent to Amtorg. The Ambassador agreed to discuss the matter with Amtorg.

Mr. Thorp said it was not his intention to cover all matters at the present meeting; however, the major point, the amount to be paid for

⁴ Amtorg Trading Corporation, the official purchasing and sales agency in the United States of the Soviet Union.

civilian inventory items, i.e. the items for which the Ambassador had offered to settle for \$261 million, was still to be discussed. The Ambassador stated that there was one further point he had to mention, which was point numbered four in his note of December 16, i.e. the limit of the amount of local currency which the U.S.S.R. would provide for use of U.S. diplomatic missions in the U.S.S.R. He said the Soviet note of December 16 met U.S. wishes in this respect. He then asked for clarification as to what was meant by Mr. Thorp's reference to \$261 million as the amount to be paid for items remaining in the Soviet Union. He said that the \$261 million represented merely the stated value of the articles undistributed as of September 2, 1945 payment for which the U.S.S.R. would negotiate.

Mr. Thorp pointed out that the Soviet offer of \$261 million to cover undistributed items was already considered by the U.S. as too small. He called attention to the agreements made in 1941 and 1942 through Mr. Stalin wherein the Soviet Government agreed to pay \$2 billion for items being shipped at that time and said that although these commitments had been incorporated in the Master Agreement of June 11, 1942, the U.S. continued shipping. He stated that the U.S. was willing to consider a reasonable proposal by the U.S.S.R. for articles left at the end of the war, including articles moved out of warehouses which nonetheless had value but that the latest Soviet proposal to pay less than \$261 million was most surprising in view of the history of the program and the fact that the concept of lending and leasing did not in any manner imply transfer of ownership. He said the U.S. was not asking for return of the articles but desires a reasonable offer for their peacetime value. He pointed out that the U.S. had made lend-lease agreements and settlements with many other governments but that this was the first time any government had questioned the meaning of the original agreements. Other countries, he said, presented no such problems as the question of return of naval vessels or the definition of the words "destroyed, lost or consumed". Mr. Thorp referred the Ambassador to his statement made at the first meeting that the U.S. desired to make a settlement consistent with those with others, not easier or harsher. He pointed out that the terms offered by the U.S. were exceedingly generous, made no charge for war costs and sought payment only for value of articles of peacetime utility at the end of the war. This principle had been accepted by the U.K., France, Norway and the other countries and it would be most difficult to justify a settlement at \$261 million when compared with these other settlements. The Ambassador interposed that the figure of \$261 million for articles remaining at the end of the war was too high and that the prices of these articles should be discussed. He said he failed to see why U.S. public opinion would not accept these figures. Mr. Thorp replied that

his chief worry was the reaction of the other countries. The Ambassador said he had no fear of these aspects of the problem, giving as his reasons the facts that the cause of the defense of the U.S.S.R. was the cause of the defense of the U.S., the Soviet Union had fought alone before the second front had been opened, the U.S.S.R. had had more expenditures in the war, having defended its own territory, and the lend-lease agreement itself gave evidence that the defense of the U.S.S.R. was vital to the defense of the U.S. He said the British also had been aided by the Soviet effort and would have been overwhelmed had it not been for the Soviet Union. He said that the U.S. side had forgotten these aspects but if the role of the U.S.S.R. in the war were described properly to the other governments, they would be satisfied.

At this point Mr. Thorp suggested adjournment and proposed that another meeting be scheduled for the following week. The Ambassador agreed without comment. In closing Mr. Thorp stated that the meeting had disturbed him greatly since he previously had misunderstood the Soviet position concerning the \$261 million. He said that if the U.S.S.R. was thinking of an amount smaller than this it would be exceedingly difficult. He pointed out that \$261 million represented only 10% of the amount estimated by the U.S. as the value of articles remaining at the end of the war and emphasized that the Soviet position was most disturbing to the U.S. The Ambassador said this should not cause worries to which Mr. Thorp responded that he hoped it would not. In closing, the Ambassador said that during the war U.S. industry had been safeguarded and enlarged, whereas hundreds of thousands of Soviet people and Soviet industrial centers had been destroyed by the Germans. He said the U.S. should be glad—not worried.

As the Ambassador departed he was handed a note ⁵ replying to his note No. 51 of March 8 ⁶ concerning the actions of U.S. representatives in accepting delivery of lend-lease vessels in Yokohama.

⁵ *Infra.*

⁶ Not printed.

*The Secretary of State to the Ambassador of the Soviet Union
(Panyushkin)*

WASHINGTON, March 12, 1948.

EXCELLENCY: I have the honor to refer to your note No. 51 of March 8, 1948 protesting against the actions of United States representatives in connection with the delivery to the United States of the lend-lease tankers *Emba* and *Belgorod* in the port of Yokohama.¹ Your

¹ Not printed. The contents of the note are here sufficiently summarized.

note states that United States representatives have requested that the tanker *Emba* be placed in drydock for examination and inspection of shaftlines, and that it be subjected to trials while under way; and also that the crews of the tankers *Emba* and *Belgorod* should remain on board these ships until the arrival of a ship which would transport them to the U.S.S.R. and that such ship should arrive in Yokohama and remain there until delivery of the last vessel.

I have been informed that delivery of the tankers *Emba* and *Belgorod* was completed in orderly fashion on March 9, 1948 at 2:00 P.M. Yokohama time and that the crews immediately went ashore to await the arrival of the Soviet ship which will return them to the U.S.S.R. I have also been informed that the ship designated to return the crews to the U.S.S.R. is the S.S. *Smolny* which is scheduled to arrive in Yokohama between March 10 and 15.

A misapprehension apparently exists on the part of your Government concerning the details of delivery of the tankers *Emba* and *Belgorod* in Yokohama. All reports received to date indicate that United States representatives have carried out their instructions to the fullest extent possible. As indicated in my note of February 27, 1948,² these instructions were, as proposed in your note of January 31, 1948, that delivery of the eight lend-lease vessels agreed upon in your notes of January 31 and February 17, 1948 should be effected with the least possible delay by means of brief bills of receipt with agreed inventories attached.³

Accept [etc.]

For the Secretary of State:
WILLARD L. THORP

² Not printed.

³ The Ambassador in the Soviet Union Lieut. Gen. Walter Bedell Smith reported in telegram 658 on April 10, 1948, that the Telegraph Agency of the Soviet Union (Tass) had information from authoritative sources that all eight vessels had been returned to the United States in the period between February 20 and March 27 (861.24/4-1048).

861.24/5-748

*The Secretary of State to the Ambassador of the Soviet Union
(Panyushkin)*

SECRET

WASHINGTON, May 7, 1948.

EXCELLENCY: I have the honor to refer to the negotiations between our two Governments concerning the settlement of lend-lease obligations under the Agreement of June 11, 1942 and to our recent correspondence and conversations concerning the main outstanding issues which must be agreed upon before a complete and final settlement can be accomplished.

As stated in its note of January 23, 1948 the Government of the

United States is unable to accept the wholly inadequate proposal of your Government contained in the Embassy's note of December 16, 1947¹ and stated repeatedly by you in our recent conversations, namely, that payment be made by your Government only for those lend-lease supplies which were en route on September 2, 1945, were shipped from the United States from September 2 to September 20, 1945, or were "not distributed to ultimate consumers" on September 2, 1945.

The Agreement of June 11, 1942 contains no provision for the transfer of title to any lend-lease articles, except as title may be conveyed in conjunction with settlement for such articles. On the other hand, that Agreement includes a specific provision, Article V, wherein the Government of the Union of Soviet Socialist Republics unequivocally agrees to "return to the United States of America at the end of the present emergency, as determined by the President of the United States of America, such defense articles . . . as shall not have been destroyed, lost or consumed and as shall be determined by the President to be . . . of use to the United States of America." Article V of its English text, which is the only official text of the Agreement of June 11, 1942, clearly defines the articles returnable to the United States as those not "destroyed, lost or consumed". The language of this article is clear and does not permit of the construction, which you have placed upon it, that only those articles "unused" or "undistributed to ultimate consumers" are subject to return to the United States upon its request.

Any complete and final settlement of lend-lease matters must take into account the disposition of all those lend-lease articles title to which remains with the United States. Title to all lend-lease articles transferred to your Government, except those purchased under the cash payment arrangements set forth in Mr. Crowley's letter of May 30, 1945² and those transferred under the agreement of October 15, 1945,³ remains with the United States.

The Government of the United States, as United States representatives have stated from time to time, asks no payment for lend-lease articles which were "destroyed, lost or consumed" during the period of hostilities up to September 2, 1945, i.e., for articles no longer in existence on that date.

With respect to military articles of types included in the categories on list No. 4 handed to Soviet representatives on May 7, 1947 and

¹ *Foreign Relations*, 1947, vol. iv, p. 715.

² *Ibid.*, 1945, vol. v, p. 1009. Leo T. Crowley was Foreign Economic Administrator.

³ For text of the agreement relating to the disposition of Lend Lease supplies in inventory or procurement in the United States (the "Pipeline" agreement), signed in Washington, see *Treaties and Other International Agreements Series No. 3662*, or *United States Treaties 2819*.

remaining in existence on September 2, 1945, or transferred to your Government up to September 20, 1945, the Government of the United States is not willing to transfer title to those articles and accordingly asks no payment therefor. All such articles retained by the Government of the Union of Soviet Socialist Republics after conclusion of the general settlement will be subject, however, to the continuing right of the Government of the United States to require their return to the United States and subject to certain restrictions upon their retransfer to other governments, under arrangements similar to those now in force under the provisions of Articles III and V of the Agreement of June 11, 1942. Similar provision has been made in settlement agreements already concluded with other lend-lease recipients.

With respect to lend-lease civilian-type articles remaining in existence at the end of hostilities on September 2, 1945, or transferred to your Government up to September 20, 1945 (i.e., articles other than the ships and military items included in the four lists handed to representatives of your Government on May 7, 1947), the Government of the United States asks financial settlement for all such articles not returned to the United States. Accordingly, the Government of the United States proposes, in a lend-lease settlement, to convey full title to such articles in consideration for the payment by the Government of the Union of Soviet Socialist Republics to the Government of the United States, on terms to be agreed, of an amount representing the agreed fair value of these articles. It is recognized that the value of many of these articles for peacetime use is considerably less than it was for war use and that the value to the Soviet Government of such articles for use after September 2, 1945 may be considerably less than their original cost to the Government of the United States.

In order that the current negotiations may proceed to an early conclusion, your Government is requested to present for consideration in the negotiations a reasonable proposal for payment which your Government considers will reasonably reflect the fair value of all civilian-type articles which remained in existence on September 2, 1945, or were transferred to your Government between September 2 and September 20, 1945, except articles paid for under the cash payment arrangements referred to above.

The Government of the United States desires to reiterate that the proposals for settlement which it has set forth in the current negotiations, with respect to the disposition of lend-lease military and civilian-type articles and the settlement of lend-lease obligations, are based on general principles accepted by other lend-lease recipients in settlement agreements already concluded.

With respect to the vessels of the United States Navy transferred to your Government under the Lend-Lease Act, the Government of

the United States has in its possession a receipt for each vessel signed by a representative of your Government. Each of these receipts states that the vessel accepted is being "leased" pursuant to the Act of Congress of March 11, 1941, and the other applicable laws and regulations of the United States of America and the applicable agreements between the two Governments. In view of the fact that the Agreement of June 11, 1942 makes no provisions for the transfer of title to these vessels but in fact provides for their return under Article V, and in view of the specific statement in each transfer receipt that the vessels are being "leased", there can be no doubt of the obligation of the Government of the Union of Soviet Socialist Republics to return them to the United States.

The Government of the United States declines the proposal stated in the Embassy's note of December 16, 1947 and repeated by you in our recent conversations that title to three of these vessels, the icebreakers, be conveyed to your Government in consideration of payment on a long-term credit basis. As long ago as July 26, 1946,⁴ the Government of the United States requested the return of these icebreakers and since that date has repeated this request both by note and in conversations with representatives of your Government. In its note of January 23, 1948, the Government of the United States requested the return of the three icebreakers as a matter of urgency. Having received no advice from your Government regarding the return of these vessels, the Government of the United States now requests that it be informed immediately of early dates upon which the Government of the Union of Soviet Socialist Republics will return them to the United States.

With respect to the twenty-eight PF Frigates of the United States Navy transferred to your Government, the Government of the United States has indicated in the settlement discussions that it cannot discuss any disposition of these vessels other than their return to the United States. Moreover, in the United States' note of January 23, 1948 their prompt return was requested. Since no advice has been received from your Government regarding the return of these vessels, the Government of the United States now requests that it be informed promptly of early dates upon which the Government of the Union of Soviet Socialist Republics will return them to the United States.

With respect to other vessels of the United States Navy included in list No. 2 handed to Soviet representatives on May 7, 1947, United States representatives have stated in the settlement discussions and specifically in the United States' note of January 23, 1948 that the Government of the United States will consider the possibility of transferring title to a portion of these vessels to your Government as surplus property after their constructive return to the United States. In

⁴ *Foreign Relations*, 1946, vol. VI, p. 852.

the note of January 23 it was stated that the Government of the Union of Soviet Socialist Republics should deliver to the Government of the United States forthwith for its consideration a list of the vessels which the Soviet Government wished to purchase, and that all vessels which the Soviet Government does not wish to purchase, and any vessels which the United States Government declines to sell in this manner must be returned to the United States. The Government of the United States, not having received such a list of the vessels which the Soviet Government desires to purchase in this manner, desires to point out that further delay in the submission of such list of vessels will be regarded by the Government of the United States as indicating that the Soviet Government does not desire to purchase any of these vessels. In such event, the United States Government will expect them all to be returned forthwith to the United States.

In the Embassy's note of December 16, 1947 it was stated that the Government of the Union of Soviet Socialist Republics would take the necessary measures for the conclusion of satisfactory agreements with interested American firms concerning licenses and royalty payments for the use of patented processes provided to your Government under the agreement of June 11, 1942. In our recent conversations you have assured me that the necessary agreements would be concluded with the individual firms before an over-all settlement agreement is executed. Since our last conversation on March 12, 1948, I have been advised by one of the individual patent holders that a preliminary meeting was held with representatives of your Government to negotiate a license agreement but that subsequent inquiries by this patent holder as to when further negotiations would take place have met with no reply. It is, therefore, requested that you advise me promptly as to when your Government proposes to carry forward discussions with the individual patent holders to conclude the necessary license agreements and to make such payments in connection with them as may be necessary under Article IV of the Agreement of June 11, 1942.

With reference to your note of February 24, 1948 in which you informed me of the desire of your Government to acquire the thirty-six war-built dry cargo vessels at the prices and terms set forth by the United States on June 25, 1947, it will be recalled that in the United States' note of February 27, 1948, it was stated that the decision of your Government concerning these vessels resolved satisfactorily one of the several points of a comprehensive settlement of lend-lease obligations but that agreement upon this single point was necessarily tentative and subject to the reaching of final agreement on all issues which is necessary to the conclusion of a general settlement. Therefore, the position of the Government of the United States is that, if a comprehensive lend-lease settlement is not concluded promptly,

the Government of the United States, under Article V of the Agreement of June 11, 1942, will require the return to the United States of the lend-lease merchant vessels now remaining in the possession of your Government.

The Government of the United States earnestly requests the Government of the Union of Soviet Socialist Republics to regard with due seriousness the need for an early resolution of the issues outstanding in respect of the settlement of lend-lease and the importance which the Government of the United States attaches to the requests contained in this note. The Government of the United States cannot long defer final decisions, for its part, upon the disposition of such lend-lease articles as the merchant vessels, which can be retained by the Union of Soviet Socialist Republics only if an early general settlement is concluded; and cannot long remain patient in the face of the silence of the Soviet Government regarding the necessary return of the ice-breakers and other naval vessels which the United States Government has indicated must be returned. The United States Government is disturbed by the unsatisfactory progress of the lend-lease settlement discussions, which it had hoped could be long since concluded, and requests the cooperation of the Government of the Union of Soviet Socialist Republics in achieving prompt settlement of the latter's lend-lease obligations.⁵

Accept [etc.]

For the Secretary of State:
WILLARD L. THORP

⁵ A summary of the contents of this note was sent to the Embassy in the Soviet Union in telegram 539 of May 13, 1948, 6 p. m. (861.24/5-1348). The Embassy was also informed in telegram 604 of May 27, 1948, 6 p. m., that Ambassador Panyushkin had that day told Under Secretary of State Robert A. Lovett that he was going to the Soviet Union to obtain new instructions for the Lend Lease settlement negotiations (861.24/5-2748). The Ambassador returned from this journey on June 22.

861.24/6-2548

The Ambassador of the Soviet Union (Panyushkin) to the Secretary of State

Translation

CONFIDENTIAL
No. 121

WASHINGTON, June 25, 1948.

The Government of the Soviet Union has carefully considered the proposals set forth in your note of May 7, 1948 and has instructed me to communicate the following:

I. In the note of the Embassy of the USSR of December 16, 1947 addressed to the Department of State of the United States, considerations were set forth which, in the opinion of the Government of the Soviet Union, should serve as a point of departure in the settlement of the lend-lease account between our countries.

These considerations were based both on the general content and aims of the agreement of June 11, 1942 between the Soviet Union and the United States and on the text and sense of the separate protocols to this agreement.

The Soviet Government continues to maintain the principles set forth in the preamble to the above-mentioned note of the Embassy of December 16, 1947 and cannot recognize as correct either the statements made in your letter of January 23, 1948 to the effect that these principles have no relation to the question of the settlement for the lend-lease articles remaining in the USSR or the view expressed in your note of May 7, 1948 with reference to the legal status of these articles.

However, desiring to facilitate the attainment of an agreement, the Soviet Government does not propose to engage in a further discussion of the principles which should serve as a basis for the lend-lease settlement and is prepared to continue to assist in finding a practical solution to the questions in dispute on conditions acceptable to both countries.

The Government of the Soviet Union, like the Government of the United States, is not satisfied with the results attained thus far in the negotiations. In this connection it should be noted that until recently no proposals were put forward from the American side which could serve as a basis for a satisfactory settlement of the questions which are the subject of the negotiations.

Moreover, the Soviet side in the course of the negotiations met the views of the American side on such questions of substance as the return to the United States of seven tankers and one dry cargo vessel before a general agreement for lend-lease settlement was reached and on the purchase of merchant vessels constructed during the war at prices and on terms which were proposed by the American side.

The attainment of an agreement on these questions already constitutes a certain contribution toward the solution of the problem of a lend-lease settlement.

It should be recalled that the readiness of the Soviet Union to assist in the settlement of this account was manifested even earlier and led to the conclusion on October 15, 1945 of an agreement whereby the Soviet Union acquired, on credit terms, equipment and materials which had been prepared for shipment to the Soviet Union in the United States or which were in the process of manufacture at the end of the war. However, there has been a violation of this agreement on the part of the United States which found expression in the cessation of shipments to the Soviet Union of parts of equipment destined for shipment. These acts which constitute an act of inadmissible discrimination have caused damages to the Soviet Union, in which connection an additional question has arisen which is subject to settlement.

II. The Soviet Government has given the necessary attention to the proposal contained in your note of May 7, 1948 that, with a view to bringing the negotiations to an early conclusion, it should present an acceptable proposal for the payment of a sum which it considers will reasonably reflect the fair value of all articles of a civilian character which remained in existence at the end of the war, with the exception of articles for which payment was made under credit terms or which were acquired for cash. In view of this proposal from the American side the Soviet Government declares its agreement to settling this question on the basis of the fixing of an acceptable over-all sum as compensation.

At the same time the Soviet Government notes with satisfaction the recognition given in your note to the fact that the value of many of these articles for peace time use, is considerably less than it was for war use, and that the value to the Soviet Government of such articles for use after September 2, 1945 may be considerably less than their cost to the Government of the United States.

In view of the foregoing, the Soviet Government considers that the sum of One Hundred Seventy Million Dollars is a figure which represents fair compensation for the lend-lease articles furnished to the Soviet Union and which were not destroyed, lost or consumed at the end of the war. At the same time the Soviet Government proposes that the payment of this amount be made in fifty equal annual installments, beginning five years after the conclusion of the agreement for lend-lease settlement, with interest at the rate of 2% per annum, the computation of interest on the amount of the debt likewise to begin five years after the conclusion of the agreement, which corresponds to existing precedents.

III. With reference to the question of residual lend-lease articles of a military nature which may still remain in the Soviet Union, the Soviet Government must point out that the identification of such remaining items would entail great technical difficulties. Furthermore, the Soviet Government considers that the question of these remaining items has no practical significance for the United States, which is confirmed particularly by the presence in lend-lease agreements of the United States with certain other countries of provisions the sense of which is that the Government of the United States retains only the formal right to demand the return of military items supplied under lend-lease.

The Soviet Government, therefore, considers that there is no reason to set forth in the lend-lease agreement the right of the Government of the United States of America to demand from the Government of the Soviet Union the return of the remaining lend-lease items of a military character, the more so since such a right is not envisaged in all similar agreements of the United States of America with other

countries and since the acceptance of the proposal of the Government of the United States of America would create vagueness in relations and uncertainty regarding the final lend-lease settlement.

At the same time the Government of the USSR has no objection to a provision in the agreement whereby the Government of the USSR would not sell or transfer to other countries the remaining lend-lease items of a military character.

IV. The Soviet Government declares its agreement to the inclusion in the agreement for lend-lease settlement of conditions for the return to the Government of the USA of 28 frigates received under lend-lease. On this question the Soviet Government proceeds on the assumption that these vessels are necessary to the Government of the USA itself, that it does not propose to sell or transfer them and that accordingly, no discrimination vis-à-vis the Soviet Union occurs.

With reference to the three ice-breakers received under lend-lease, in as much as no agreement has been reached in the negotiations for their sale to the Soviet Union in accordance with the proposals submitted from the Soviet side, the Soviet Government now proposes that these ice-breakers be made available to the Soviet Government on a long-term lease.

V. In the enclosure to the present note, data is set forth concerning the remaining vessels received by the USSR under lend-lease from the United States Navy Department, of which 518 units remain.

The Soviet Government declares its desire to acquire at reasonable prices 428 of these vessels, which are indicated in the above-mentioned enclosure.

With reference to the remaining 90 vessels, which are worn out and have suffered battle damage, the Soviet Government is prepared to consider a proposal from the Government of the United States of America concerning the disposition of these vessels.

VI. The Government of the USSR declares its readiness to acquire 45 merchant vessels of pre-war construction and one tug turned over to the Soviet Union under lend-lease, and to effect payment for three lend-lease vessels of pre-war construction which were lost after March 18, 1946. Considering the prices of these vessels as indicated by the American side as inappropriately high, the Soviet Government on its part proposes as fair payment and compensation for all the above-mentioned vessels the amount of Seven Million Dollars. With reference to the terms of payment the Soviet Government is agreeable in accordance with the proposal of the Government of the USA to making payment in cash.

VII. The Soviet Government has authorized the Government Purchasing Commission of the USSR in the USA ¹ to begin negotiations

¹ On the formation of this commission, see *Foreign Relations*, 1942, vol. III, p. 696, and footnotes 71 and 72.

with the interested American firms with a view to settling the question of payments to these firms in connection with the use in the Soviet Union of patents for oil refining processes belonging to them which were transferred to the Government of the USSR by the Government of the USA during the war, at the same time bearing in mind that the agreements with patent holders reached in these negotiations will enter into effect simultaneously with the general lend-lease settlement between the two Governments.

In accordance with the foregoing, the interested patent holding firms may now submit their statements to the Purchasing Commission.

It is obvious that a positive solution of the question of compensation to the patent holders in connection with the use of their patents in the Soviet Union can apply only in those cases where, as a result of the complete delivery of the appropriate equipment to the Soviet Union, the processes which are the subject of the patents can be used.

Accept [etc.]

A. PANYUSHKIN

[Enclosure]

LIST OF SURVIVING VESSELS RECEIVED BY THE USSR UNDER
LEND-LEASE FROM THE US NAVY DEPARTMENT

	Vessels on hand	Vessels which USSR desires to purchase	Vessels which are technically worn out and have battle damage
1	2	3	4
Total.....	518	428	90
Including			
1. Large minesweepers AM	31	28	3
2. Minesweepers YMS.....	41	30	11
3. Large submarine chasers.....	74	54	20
4. Small submarine chasers.....	56	31	25
5. Torpedo boats.....	193	167	26
6. Landing craft, infantry.....	25	25	—
7. Landing craft, tank	17	17	—
8. Landing craft, vehicle.....	2	—	2
9. Landing craft, support.....	2	—	2
10. Landing craft, mechanized....	51	50	1
11. Floating repair shops.....	4	4	—
12. River tugs.....	15	15	—
13. Pontoon barges.....	6	6	—
14. Motor launch.....	1	1	—

861.24/7-148

*Memorandum of Conversation, by the Under Secretary of State
(Lovett)*

[WASHINGTON,] July 1, 1948.

Participants: The Under Secretary, Mr. Lovett
The Soviet Ambassador, Mr. Panyushkin
Mr. Krotov, First Secretary, Soviet Embassy
S/P—Mr. Kennan¹
EE—Mr. Stevens²

The Soviet Ambassador came in this morning at his own request and informed me that he had been instructed by his government to discuss two economic questions.

He pointed out that under the "pipeline" credit agreement of October 15, 1945 the annual interest payment was due shortly. The Soviet Government was prepared to make payment but would withhold the amount of \$490,000 representing the interest on that portion of the credit representing goods which remained undelivered. (This would parallel the procedure followed by the Soviet Government in making the interest payment on the "pipeline" credit last year.³)

The second point the Ambassador desired to discuss was the question of claims against the Soviet Government by American firms who, because of the export licensing procedure, were unable to export to the Soviet Union goods which had been manufactured on Soviet order. The amount of these claims was about \$1,300,000 at the present time, but this figure is incomplete since not all claims have been presented. The Ambassador stated that in the opinion of the Soviet Government the Soviet organizations which had placed these orders were in no way at fault and that the responsibility for the losses incurred by the American firms rested with the American Government, which had imposed export controls. He pointed out that some of these orders had been placed as long ago as 1945 and requested that the export control procedure be reviewed to determine whether licenses could be issued for the export of the items which were the subject of these claims. He said that if this Government refused to issue the necessary export licenses the Soviet Government would not settle the claims.⁴

¹ George F. Kennan, Director of the Policy Planning Staff.

² Francis B. Stevens, Chief of the Division of Eastern European Affairs.

³ This payment was made in a note no. 118 from Ambassador Novikov dated July 4, 1947; *Foreign Relations*, 1947, vol. iv, p. 702.

⁴ In a memorandum of July 2, 1948, Mr. George E. Truesdell, country specialist in the Division of Eastern European Affairs, noted in part: "As a result of Congressional action, the U.S. was obliged to withhold shipment to the U.S.S.R. of goods valued at approximately \$20,000,000 which were included in the lists of items to be delivered to the Soviet Government under the so-called lend-lease 'pipeline' agreement of October 15, 1945. . . . In its note of November 17, 1947 (*ibid.*, p. 710) the Department stated it was prepared to discuss the matter but to date no discussions have taken place." (861.24/6-2548)

I explained to the Ambassador that the export controls were based on an Act of Congress and an Executive Order and that their administration was vested in the Department of Commerce.⁵ Before a reply could be made to the Ambassador's request it would be necessary to consult the various interested agencies of this Government. The Ambassador asked for an early reply, pointing out that the interest payment would be due within a few days. I told him that we would take the question under advisement and give him as prompt a reply as possible.⁶

The Ambassador stated that he had sent the Department a note recently with reference to the lend-lease negotiations and asked whether it had been received. I told him that I had a translation on my desk and that his note was being studied.

ROBERT A. LOVETT

⁵ For a résumé of the difficulties associated with the deliveries of the pipeline materials and their cessation, see the memorandum of December 12, 1947, by Mr. Michael H. Cardozo of the Office of the Legal Adviser, *Foreign Relations*, 1947, vol. iv, p. 713.

⁶ For the reply, see the note of July 26, 1948, p. 1000.

861.24/6-2548

Memorandum of Conversation, by the Associate Chief of the Division of Eastern European Affairs (Hooker)

[WASHINGTON,] July 6, 1948.

Participants: Mr. Krotov, First Secretary, Soviet Embassy
Mr. Bruslov, Second Secretary, Soviet Embassy
Mr. Hooker, EE
Mr. Freers,¹ EE

After discussing another matter, Mr. Krotov said that the second purpose of their visit was to inquire when they would have an answer to the questions raised by Ambassador Panyushkin in his conversation of July 1 with Mr. Lovett. I said that, as I had told him over the telephone on Saturday,² I hoped that it might be possible to give him an answer at an early date, but I could give no assurances as to the time. I added that before coming to a decision on the request that certain export licenses be granted it would be necessary to receive full information as to the nature of the goods involved. Mr. Krotov replied that while he had participated in the interview only as an interpreter, it was his distinct understanding that the goods involved were those specified in the Soviet note which accompanied the first interest payment (July 1, 1947) under the "pipeline" credit, namely the goods purchased under the "pipeline" agreement which had not been shipped, and which amounted to some \$20,000,000 total value.

¹ Edward Louis Freers, in the Division of Eastern European Affairs.

² July 3, 1948. Memorandum of conversation not printed.

I pointed out that the failure to ship this material had nothing to do with the export licensing procedure to which the Ambassador had referred in his conversation with Mr. Lovett. Mr. Krotov said that it was a matter of indifference to the Soviet Government whether the shipment of the goods had been prevented by failure to issue export licenses or for some other reason, and what they were concerned with was that the goods should be shipped. I inquired if the claims of \$1,300,000 referred to in the conversation of July 1 had reference to the same goods, i.e., the goods purchased but not shipped under the "pipeline" agreement, and he replied that this was correct.

Mr. Krotov then stated that with respect to the subject of the annual interest payment due July 1 on the "pipeline" credit, Ambassador Panyushkin had informed the Under Secretary that whereas last year the amount of \$490,000 had been withheld (representing interest on that portion of the credit covering goods which had been delivered but were unusable because of failure to deliver necessary component parts) this year the position of the Soviet Government was that payment would be made in the same manner but only on condition that delivery was made on the \$20,000,000 worth of goods remaining undelivered. When I indicated that I had some doubt if Mr. Stevens had understood the Ambassador in this sense, he added that he believed that both the Under Secretary and Mr. Stevens had fully understood the Ambassador when this statement was made. I replied that, not having been present at the meeting myself and not having discussed it with either the Under Secretary or Mr. Stevens, I could not comment on what either of them had understood or not understood, and that if any further clarification of the Soviet position appeared necessary in order to enable us to reply, I would let him know.

ROBERT G. HOOKER, JR.

800.24/7-748

Memorandum by President Truman to the Secretary of State

WASHINGTON, July 7, 1948.

MEMORANDUM FOR THE SECRETARY OF STATE:

Attached hereto is a memorandum determining the end of the emergency referred to in the Master Lend-Lease Agreements, in accordance with the recommendations contained in your memoranda to me of March 5, 1948, and July 2, 1948.¹

¹ The latter memorandum is not printed. It also reported that the approval of this determination of the end of the emergency had been obtained from both the Departments of the Army and Navy, in letters of May 10 and June 19 from the former, and April 10, 1948 from the latter, none printed. (861.24/6-1948)

The recommendation made in your memorandum of July 2, 1948, to the effect that the determination receive no publicity at the present time, meets with my approval.

HARRY S TRUMAN

[Attachment]

Determination of the End of the Emergency Referred to in the Master Lend-Lease Agreements

MEMORANDUM FOR THE SECRETARY OF STATE:

The Master Lend-Lease Agreements between the United States and various lend-lease countries concluded under the authority of the Act of March 11, 1941, contain provisions whereby these recipient countries have agreed to return to the United States "at the end of the present emergency as determined by the President" such defense articles as shall not have been destroyed, lost or consumed and as shall be determined by the President to be of use to the United States.

This will notify you that I have determined that the emergency relative to the lend-lease program referred to in the quoted provisions of the Master Lend-Lease Agreements has terminated. You are directed to make determinations, under the authority delegated to you in Executive Order No. 9630 of September 27, 1945, of the defense articles which are of use to the United States and, under such authority to take measures to effect the return of such articles by the recipient lend-lease countries. This determination does not affect the obligations arising from separate agreements with various countries in connection with silver provided under the Act of March 11, 1941.

HARRY S TRUMAN

THE WHITE HOUSE, July 7, 1948.

861.24/7-1348

*Memorandum by the Director of the Office of European Affairs (Hickerson) to the Under Secretary of State (Lovett)*¹

[WASHINGTON,] July 13, 1948.

DISCUSSION

The Soviet Ambassador, in his conversation with you on July 1, 1948, raised two apparently separate and independent economic questions: (1) the annual interest payment due July 1, 1948 on the post-war

¹ A slightly rewritten version of the memorandum was dated August 9, but it contained no significant changes.

Lend-Lease "Pipeline" Agreement of October 15, 1945 and (2) payments due American firms by the Soviet Government for goods which, because of present US export control policy, cannot be shipped to the Soviet Union. However, by his reference to the interest date in response to your statement on the claims problem, the Ambassador may have intended to indicate that payment of the lend-lease interest was dependent upon a favorable reply concerning export licenses for the goods now subject to claims by the American firms. In a conversation with EE-Mr. Hooker on July 6, Mr. Krotov, First Secretary of the Soviet Embassy, in asking when answers could be received to the Ambassador's questions, further complicated the matter by expressing his understanding that the goods referred to by the Ambassador were those which had not been delivered by the US under the Lend-Lease "Pipeline" Agreement rather than to Soviet private purchases now held because of export controls. This statement by Mr. Krotov may indicate that the Ambassador intended to make the payment of the lend-lease interest dependent upon completion of deliveries under the "Pipeline" Agreement.

In making payment of the "pipeline" interest a year ago, the Soviet Ambassador stated in a note dated July 4 that, as a result of the non-delivery by the US of certain items included in the "Pipeline" Agreement, a violation of the Agreement had occurred and \$20,000,000 worth of equipment delivered in incomplete units could not be utilized in the Soviet Union until it was delivered in full. Accordingly, the Soviet remittance had been reduced by \$490,000. After receiving a second protest from the Soviet Government dated September 10, 1947² a note was forwarded to the Soviet Embassy on November 17, 1947 stating that since legislative authority had ceased, no further lend-lease deliveries could be made and that the Department was prepared to discuss the value of Soviet losses resulting from the termination of deliveries. In a recent Soviet note dated June 25, 1948 on the over-all lend-lease settlement negotiations the Soviet Government again protested the U.S. violation of the "Pipeline" Agreement and suggested the "pipeline" problem as an additional matter which should be resolved in the over-all lend-lease settlement discussions. It is the U.S. position, however, in view of apparent Soviet reluctance to conclude a reasonable over-all settlement, not to discuss the "pipeline" question in this connection, but to keep it separate, relying upon the Soviet obligation in that Agreement, in spite of our failure to complete delivery of the goods.

² *Foreign Relations*, 1947, vol. iv, p. 706.

RECOMMENDATIONS

In order to respond to and, if necessary, to clarify the questions of the Soviet Ambassador, it is recommended that he be called to the Department and informed as follows:

A. Assuming at the outset that the Ambassador intended to raise the two questions independently—

1. "With regard to your question concerning interest due July 1 on the Lend-Lease 'Pipeline' Agreement of October 15, 1945, the U.S. Government is willing to accept a reduced payment of interest computed on the same basis as last year. This payment should be slightly greater than that made a year ago since additional billings have been rendered to the Soviet Government for items completely delivered. The acceptance of a reduced amount of interest at this time will be considered by the Government of the United States as tentative pending the outcome of discussions proposed in the U.S. note of November 17, 1947. These discussions, which it is hoped may be commenced shortly, should provide equitable adjustments reflecting the losses experienced by the Soviet Government as a result of incomplete deliveries. You will be informed in the near future as to the date upon which these discussions may begin."

2. "With regard to the claims of American firms against the Soviet Government for goods which cannot be exported to the Soviet Union because of export control procedures, the Department of State cannot consider this matter until it has received from your Government the details of these claims, including descriptions of the goods and their values, the amount of the claims, the names of the claimants and against whom the claims have been made, i.e. the Amtorg Trading Corporation or the Government Purchasing Commission. Upon receipt of this information the Department will be able to present the problem to the Department of Commerce and other interested agencies of the Government."

B. If the Ambassador should take the position that the "pipeline" interest payment will not be made until export licenses are granted for the goods now the subject of claims by U.S. firms—

"The U.S. Government sees no relation between these two problems and expects a reasonable payment of interest due July 1, 1948 on the basis already indicated (A-1. above). At the same time the Department, after receiving the necessary details (A-2. above) will submit the matter of claims to the interested agencies of the Government for consideration as a separate problem.["]

C. If the Ambassador should take the position that the interest payment will not be made until all items included in the "Pipeline" Agreement have been delivered in full—

"Article I of the Agreement of October 15, 1945 between our two Governments reads as follows:

All articles and services undertaken to be provided by the Government of the United States under this agreement shall be made avail-

able under the authority and subject to the terms and conditions of the Act of Congress of March 11, 1941, as amended, and any acts supplementary thereto.["]

The termination of deliveries under the Agreement was the result of an Act of Congress which was envisaged by the language of Article I. However, the U.S. Government recognizes that certain losses and damages have been experienced by the Soviet Government by the non-delivery of certain items included in the Agreement and is prepared to make equitable adjustments. The Government of the U.S. expects a reasonable payment of interest as already indicated (A-1. above)[.]

861.24/7-148

*The Secretary of State to the Ambassador of the Soviet Union
(Panyushkin)*

The Secretary of State presents his compliments to His Excellency the Ambassador of the Union of Soviet Socialist Republics and has the honor to reply to the questions raised by the Ambassador in his conversation with the Under Secretary of State on July 1, 1948.

With reference to the question of the interest due July 1, 1948 under the Lend-Lease Agreement of October 15, 1945, the Government of the United States is willing to accept payment of an amount of such interest computed in accordance with the principles set forth in the Ambassador's note of July 4, 1947¹ and used by the Soviet Government as the basis of payment of interest due July 1, 1947. The payment made for interest due July 1, 1948 should be somewhat greater than that made in July 1947 since subsequent billings rendered to the Soviet Government have included additional items completely delivered by the Government of the United States. In accepting payment of a reduced amount of interest at this time, the Government of the United States reserves its right to claim such additional amounts of interest as may be due as a result of the discussions proposed in its note to the Soviet Ambassador dated November 17, 1947.²

With reference to the question of claims of United States firms against the Soviet Government for goods for which licenses have not been granted for export to the Soviet Union, it is, of course, difficult for the Government of the United States to comment on this question until it has been informed as to the details of these claims, including descriptions of the goods and their values, the amount of the claims,

¹ *Foreign Relations*, 1947, vol. iv, p. 702.

² This note was directed to the Chargé of the Soviet Union Vasily Akimovich Tarasenko; *ibid.*, p. 710.

the names of the claimants and the agencies of the Soviet Government against which the claims have been made. In this connection, however, it is understood that the risk of loss resulting from inability to obtain export licenses must be deemed to be assumed at the time a contract of purchase and sale is entered into, and the Government of the United States cannot accept any liability for losses incurred as a result of the operation of its export control procedures.

GEORGE C. MARSHALL

WASHINGTON, July 26, 1948.

861.24/9-1448

The Ambassador of the Soviet Union (Panyushkein) to the Secretary of State

Translation

CONFIDENTIAL

WASHINGTON, August 10, 1948.

No. 146

MR. SECRETARY OF STATE: Confirming the receipt of your note of July 26 of this year, I have the honor, upon instructions from the Government of the Union of Soviet Socialist Republics, to communicate that the Soviet Government has given instructions to make the second interest payment to the Government of the United States in accordance with the Agreement between the USSR and the USA of October 15, 1945.

In determining the amount of the payment the Government of the Union of Soviet Socialist Republics bases itself on the following:

1. In accordance with the note of the Soviet Government of July 4, 1947, \$490,000, relating to the cost of equipment delivered incomplete, are being deducted from the amount of the regular interest payment under the Agreement of October 15, 1945.

2. The assertion of the Government of the USA that risks of damages which could arise as a result of the non-receipt of export licenses should be considered as accepted by the parties at the time of the concluding of the purchase-sale contracts by them cannot be considered sound in as much as the parties at the time of the conclusion of the contracts could not foresee the subsequent changes in commercial policy by the Government of the USA and its issuance of new regulations which in their practical application are discriminatory toward the USSR and render impossible the fulfillment of the contracts concluded.

The total of damages of Soviet agencies, according to the claims presented by American firms as a result of the compulsory termination of the fulfillment of the contracts, amounts at the present time to \$1,300,000, in which connection part of this amount has already been withheld by the firms from advances and credits made earlier by Soviet

agencies to these firms. In this connection, the Government of the Union of Soviet Socialist Republics is withholding as compensation for the damages mentioned, \$1,300,000 from the amount of the regular interest payment.

Said amount of \$1,300,000 refers only to a part of the claims asserted by American firms and far from covers the entire damage caused to Soviet agencies by the discriminatory actions of the Government of the USA, and the Soviet Government reserves the right to demand payments by the Government of the USA of all damages after they have been determined.

After the deduction of the interest on the cost of the equipment delivered incomplete, and also of the amount of \$1,300,000 mentioned, the sum being presented by the Government of the USSR as the regular interest payment in accordance with the Agreement of October 15, 1945 amounts to \$3,341,446.

As regards the statement of the Government of the USA that it is difficult for it to comment on the question of the claims of firms in the USA upon Soviet agencies until it is informed as to the details of these claims, of course the Government of the USA will be informed in due course by the President ¹ of the Purchasing Commission of the USSR in the USA concerning the details relating to these claims.

Accept [etc.]

A. PANYUSHKIN

¹ At this time the President of this commission was Ivan Andreyevich Yeremin (Eremin).

861.24/6-2548

Memorandum by Mr. Paul H. Nitze, Deputy to the Assistant Secretary of State for Economic Affairs, to the Under Secretary of State (Lovett)

SECRET

[WASHINGTON,] August 23, 1948.

DISCUSSION

The attached note ¹ to the Soviet Ambassador in reply to his note of June 25 on Lend-Lease settlement matters has the approval of the interested offices of the Department and is now ready for transmission. The US-USSR Lend-Lease Settlement Committee which includes representatives of the Treasury and Commerce Departments, has recommended that the note be handed to the Soviet Ambassador by the U.S. negotiator in order to emphasize the US position and, if possible, to determine the limits of the Ambassador's negotiating authority.

¹ Not attached to file copy. See the note of September 3, 1948, *infra*.

The proposed note is in keeping with our policy of insisting upon a lend-lease settlement with the Soviet Union which is generally comparable with the settlements with other major lend-lease recipients, notably the UK and France. The note's main points are:

1. (a) Rejection of the Soviet offer to compensate the US for civilian-type articles in inventory as of V-J Day by payment of \$170 million over fifty years with interest at 2% and five-year period of grace on payment of both principal and interest.

(b) Proposal that \$1,300 million be set as the amount to be paid for the civilian inventory over thirty-five years with interest at 2%, and a five-year period of grace as to principal only. These are the "French" terms recently approved for the USSR settlement by the National Advisory Council.² The figure of \$1,300 million equals one-half of the minimum depreciated cost value of the civilian inventory (without taking account of an obsolescence factor) as estimated by the United States in the absence of a Soviet inventory or estimate.

2. Over Soviet objections, our note insists upon the retention by the US in the settlement of the right to recapture military-type articles, i.e. articles of strictly combat nature. This follows the precedents of the British and French settlements which required no payment for military articles but contained recapture clauses and statements that the US did not intend generally to exercise this right.

3. (a) Demands categorically the return of three Ice-breakers and twenty-eight Frigates of the US Navy, rejecting the Soviet proposal for the long-term lease of these vessels. Return of the Ice-breakers was first requested in July 1946;³ the Frigates were formally requested in January of this year.

(b) Requests specifically for the first time return of 186 other naval craft in accordance with Secretary of the Navy Forrestal's letter of June 11, 1947⁴ and offers to sell as surplus property 242 naval craft. Heretofore the US has told the Soviets that it would be willing to sell certain naval vessels in certain categories if it received an inventory of the vessels remaining in Soviet possession. This inventory was received with the Soviet note of June 25 after repeated requests.

4. Rejects the Soviet offer to purchase pre-war-built merchant vessels for \$7 million cash. Our asking price is \$15 million cash based on world prices as of the end of the war (September 2, 1945). Charter hire alone for these vessels would amount to about \$8 million from September 2, 1945 to the present. Agreement has already been reached for disposal of war-built merchant vessels on terms of Merchant Ship Sales Act. These terms have been approved by N.A.C.

5. States that since the authority has now been given to the Soviet Purchasing Commission to negotiate license agreements with US patent holders covering patented processes in lend-lease oil refineries, this problem should be disposed of promptly. In response to the Soviet statement that patent problems can be solved only as they pertain to plants completely delivered, the proposed note states the US opinion

² This action No. 275 was taken by the National Advisory Council at its 101st meeting on August 6, 1948.

³ Note of July 26, 1946, *Foreign Relations*, 1946, vol. VI, p. 852.

⁴ *Ibid.*, 1947, vol. IV, p. 694.

that the settlements with the patent holders should make full compensation for all patented information and equipment furnished under lend-lease.

6. The note as a whole is strong and closes by stating the seriousness with which the US views the failure of the USSR to respond to US proposals in a manner which would permit a satisfactory settlement. It states that the US will have no alternative but to request return of certain articles such as the merchant and naval ships and possibly other articles, if a satisfactory settlement is not promptly agreed upon. This note therefore advances the settlement negotiations to the point where they will either succeed in producing agreement or will fail, thus requiring positive action by the US with respect to articles which should be recaptured.

RECOMMENDATION

It is recommended that you approve my calling in the Soviet Ambassador and handing him the attached note in the course of discussions of a lend-lease settlement.⁵

⁵ A notation in red pencil at the beginning of this memorandum reads: "Cleared with Secretary for confidential (no public release) delivery to Soviets Sept. 3. L".

861.24/6-2548

*The Secretary of State to the Ambassador of the Soviet Union
(Panyushkin)*

WASHINGTON, September 3, 1948.

EXCELLENCY: I have the honor to acknowledge the receipt of your note of June 25, 1948 replying to my note of May 7, 1948 on the subject of the settlement of the obligations of your Government under the Lend-Lease Agreement of June 11, 1942.

I. The Government of the United States has noted the statement contained in your note that the Soviet Government is prepared to assist in the finding of practical solutions to the questions which must be resolved before agreement on a complete and final settlement can be attained.

II. This Government has noted the statement also contained therein that the Soviet Government agrees to the settling of the question of compensation for civilian-type lend-lease articles by the fixing of an over-all sum reflecting the fair value of all such articles transferred to your Government up to September 20, 1945 but not destroyed, lost or consumed in the war period, i.e., prior to September 2, 1945; and by the payment by your Government of such a sum on a long-term credit basis. The civilian-type articles referred to are understood by this Government to consist of all lend-lease articles transferred to your Government under the Agreement of June 11, 1942 except ships and

military articles of types included in Lists Nos. 1, 2, 3 and 4 handed to representatives of your Government on May 7, 1947. The foregoing is, of course, not applicable to articles for which payment arrangements have already been concluded in the Agreement of October 15, 1945 and under the terms specified in Mr. Crowley's letter to General Rudenko¹ of May 30, 1945, and does not in any way affect or modify such payment arrangements.

However, the fixed sum of 170 million dollars proposed by your Government is not considered by this Government to constitute fair and reasonable compensation for the civilian-type articles described above. In as much as your Government did not provide an inventory of lend-lease articles remaining at the war's end as requested by this Government, the inventory estimate prepared by the Government of the United States has afforded the only available indication to this Government of the magnitude of the inventory of civilian-type articles for which payment is requested. The memorandum presented to representatives of your Government on May 13, 1947 indicated the depreciated value of this estimated inventory of civilian-type articles, based on cost to the Government of the United States, as approximately 2,600 million dollars as of September 1945. This estimate is based upon United States Government records of lend-lease articles that arrived in Soviet or Persian Gulf ports. With respect to consumable supplies, in the great majority of instances, only those articles which arrived after June 1, 1945 were included in the estimate as not having been consumed during the period of the war. In no instance were consumable articles included which arrived prior to March 1, 1945. With respect to durable articles intended for use in the Soviet theater of operations, the estimate included liberal allowances for combat losses. With respect to durable articles intended for use in the areas untouched by combat damage, including most of the large quantities of industrial machinery and equipment supplied under lend-lease, the values of such articles were estimated by applying to the original cost the most liberal depreciation rates in use in the United States. Accordingly, as the Soviet government has been informed, the Government of the United States considers the total of 2,600 million dollars as a minimum estimate of the depreciated cost of the inventory of civilian-type articles remaining in the Soviet Union as of September 1945.

The Government of the United States, being desirous of achieving a lend-lease settlement at the earliest possible date as a matter of urgency, and bearing in mind the expressed desire of the Soviet Gov-

¹ Lt. Gen. Leonid Georgiyevich Rudenko was Chairman of this commission, 1943-1946.

ernment to assist in this connection, proposes that the sum of 1,300 million dollars be agreed upon as the fixed over-all sum to be paid by the Soviet Government in consideration of the transfer by the Government of the United States of full title to all civilian-type lend-lease articles transferred to your Government up to September 20, 1945 except for those articles paid or to be paid for under arrangements already concluded.

The Government of the United States cannot accept the proposal of your Government that payment of the over-all sum be made in fifty equal annual installments beginning five years after the conclusion of the agreement, nor can it accept the proposal that accrual of interest on the unpaid balance also begin five years after the conclusion of the Agreement. The Government of the United States proposes instead that interest on the over-all sum accrue from July 1, 1946 at the rate of 2% per annum, that the interest accrued to July 1, 1948 be paid upon conclusion of this agreement without additional charge, that the interest accruing from July 1, 1948 be paid annually on July 1, 1949 and July 1, 1950, and that beginning July 1, 1951 interest and principal be paid in thirty equal annual installments, each installment to consist of the full amount of the interest due for the year preceding the July 1 on which the payment is made and the remainder of the installment to be the principal due in that year. The Government of the United States also is willing to include in the settlement agreement a provision that if, by agreement between our two Governments, it is determined that because of extraordinary and adverse economic conditions arising during the course of payment, the payment of any installment would not be in the joint interest of both Governments, payment may be postponed for an agreed upon period.

III. With respect to the question of military-type articles which remain in the Soviet Union, the Government of the United States has noted that the Soviet Government agrees to the inclusion of a provision in the settlement agreement whereby the Soviet Government would undertake not to sell or transfer any of these articles to third governments or their nationals. This Government cannot accept the position of your Government, however, that no reason exists for inclusion in the settlement agreement of a provision granting to the Government of the United States the right to recapture remaining lend-lease articles of a military character, on the grounds that such a right is not envisaged in all similar agreements of this Government with other countries and that the acceptance of this proposal would create vagueness in relations and uncertainty as to the final lend-lease settlement. The Government of the United States points out to the Government of the Union of Soviet Socialist Republics that all lend-lease settlements of the scope and magnitude of that now under negotiation with your

Government have included a provision for the recapture of military-type articles and that, in the implementation of those agreements, no significant difficulties of the types mentioned in your note have been encountered.

IV. With respect to the question of the three icebreakers of the United States Navy, your note, in proposing the long-term lease of these vessels to your Government, did not respond to the request of this Government, as set forth in my note of May 7, 1948, that it be notified immediately as to early dates upon which they would be returned to the United States; nor did the proposal of your Government that agreed conditions for the return of twenty-eight frigates of the United States Navy be included in the lend-lease settlement agreement respond to the request of this Government, also set forth in my note of May 7, 1948, that it be notified immediately of early dates upon which these vessels would be returned to the United States. Until the conclusion of an over-all settlement agreement and thereafter to the extent provided by the settlement agreement, the obligations of your Government under the Agreement of June 11, 1942 remain in full force and effect. Article V of that Agreement provides that the Soviet Government will return to the United States all articles which are determined by the President of the United States "to be useful in the defense of the United States of America or of the Western Hemisphere or to be otherwise of use to the United States of America." Accordingly, the Government of the United States demands under the terms of Article V of the Agreement of June 11, 1942, the immediate return by the Government of the Union of Soviet Socialist Republics of the three icebreakers and twenty-eight frigates of the United States Navy and requests that it be advised urgently that these vessels are available for immediate transfer to representatives of this Government at ports in the Continental United States to be designated by the United States Navy Department. The Government of the United States has an immediate use for these vessels. It is pointed out in this connection that the return of articles under the terms of Article V of the Master Agreement of June 11, 1942 is not dependent upon the use of such articles to be made by the Government of the United States.

• With respect to other vessels of the United States Navy "leased" to your Government, the Government of the United States requests the early return in good condition to United States ports of the following numbers of vessels of the types indicated :

Landing Craft, Infantry	15
Torpedo Boats	101
Large Submarine Chasers (SC)	39
Small Submarine Chasers (PTC and RPC)	31
Total	186

Provided a mutually satisfactory lend-lease settlement is promptly agreed upon by our two Governments, the Government of the United States is willing, at agreed prices, to sell to the Soviet Government as a part of such settlement and in accordance with the surplus property procedures outlined to representatives of your Government on June 25, 1947, the following naval craft which are among those stated in your note to be desired by the Soviet Government:

Large Minesweepers AM	28
Minesweepers YMS	30
Large Submarine Chasers (SC)	15
Torpedo Boats	66
Landing Craft, Infantry	10
Landing Craft, Tank	17
Landing Craft, Mechanized	50
Floating Repair Shops	4
River Tugs	15
Pontoon Barges	6
Motor Launch	1
<hr/>	
[Total]	242

With respect to the ninety vessels of the United States Navy which are stated to be technically worn out and to have suffered battle damage, the Government of the United States requests that such of these vessels as are capable of being returned to the United States be delivered to United States ports in the immediate future and that the remaining vessels be destroyed by the Soviet Government. Certified reports of the destruction of the latter vessels, identified by hull numbers as set forth in List No. 2 handed to Soviet representatives on May 7, 1947, should be forwarded to the Government of the United States at the earliest opportunity.

The Government of the United States, in order to make the necessary arrangements for the sale to the Government of the Union of Soviet Socialist Republics, under the surplus property procedure, of the 242 vessels described above, and for the return to the United States of 186 vessels as listed above, requests information at an early date as to the general condition of each of these vessels by hull number. The United States Government will designate by hull number the 186 vessels which it wishes returned, and the 242 vessels which it is willing to sell.

The Government of the United States desires to be informed also at an early date, of the hull numbers of those thirty-six vessels included in List No. 2 which were not included in the report attached to your note of June 25, 1948 and are therefore presumed to have been lost or destroyed. The Government of the United States desires to be

informed as fully as possible concerning the fate of each of these vessels.

V. The Government of the United States has considered the offer of your Government to acquire the pre-war-built merchant vessels and tug for cash in the amount of Seven Million Dollars. It is necessary to point out to your Government that transfer of full title to these vessels can be accomplished only as a part of an overall lend-lease settlement between our two Governments and then only if such settlement is concluded promptly. On June 25, 1947, this Government made known to representatives of your Government the minimum prices acceptable for these vessels, i.e. the world prices as of September 2, 1945. A total of Seven Million Dollars is not considered by this Government as adequate compensation for these vessels, especially since this amount is considerably less than the amount of charter hire which would apply to the charter of these vessels for the period from September 2, 1945.

VI. The Government of the United States has noted that authority has now been given to the Government Purchasing Commission of the Soviet Union in the USA to begin negotiations with United States firms holding patents on processes used in connection with the oil refinery plants transferred to your Government under the Lend-Lease Act. The interested patent holders are being requested to submit their statements to the Purchasing Commission. In view of the above, this Government expects that prompt settlements with the patent holders will now be accomplished in fulfillment of the obligations of your Government under Article IV of the Agreement of June 11, 1942.

The Government of the United States notes the statement of your Government that a favorable decision on the question of compensation to patent holders can be made only in those cases where the patented processes may be utilized as a result of the delivery of complete units to the Soviet Union. It is the opinion of this Government that the settlements between the Soviet Government and the United States patent holders should be such as to provide full compensation to the patent holders for all patented information and equipment furnished to the Soviet Government by the Government of the United States under the Lend-Lease Act.

The Government of the United States views with utmost seriousness the fact that the responses of your Government to the proposals made by this Government with respect to several aspects of the settlement negotiations have not been such as to permit the conclusion of a satisfactory settlement agreement. Furthermore, as stated in its note of May 7, 1948, the Government of the United States cannot long defer final decisions upon the disposition of such lend-lease articles as the merchant vessels which can be retained by the Soviet Government only if a general settlement is promptly concluded. Therefore, not-

withstanding certain offers which this Government has made in connection with its settlement proposals, unless a mutually satisfactory settlement is promptly agreed upon by our two Governments, this Government will have no alternative but to withdraw its offers to transfer full title to certain lend-lease articles to the Government of the Union of Soviet Socialist Republics and will be obliged to exercise its rights under Article V of the Agreement of June 11, 1942 by requiring the return of such articles to the United States. This is particularly applicable to all merchant and naval vessels. It applies also to military vessels and to certain other lend-lease articles which would be of use to the United States.

A separate communication ² will be forwarded to Your Excellency concerning the settlement of the claims of your Government relative to the Agreement of October 15, 1945.

Accept [etc.]

For the Secretary of State:
ROBERT A. LOVETT

² Note of September 14, 1948, *infra*.

861.24/9-1448

*The Secretary of State to the Ambassador of the Soviet Union
(Panyushkin)*

WASHINGTON, September 14, 1948.

EXCELLENCY: I have the honor to acknowledge receipt of your note No. 146 of August 10, 1948 concerning the second payment of interest made by your Government under the post-war Lend-Lease Agreement of October 15, 1945. You state that in accordance with the note of your Government dated July 4, 1947, a deduction of 490,000 dollars has been made from the amount of this payment in connection with equipment delivered by the United States under the Agreement in incomplete units and that a further deduction of 1,300,000 dollars has also been made to compensate the Soviet Government for damages incurred as a result of the non-receipt of export licenses from the Government of the United States.

In my note of July 26, 1948 it was stated that the Government of the United States is willing to accept tentatively payment of interest due July 1, 1948 under the Agreement of October 15, 1945 on a reduced basis in accordance with the principles set forth in the note of your Government of July 4, 1947 and used by your Government in making payment of interest due July 1, 1947. It was also stated in this note that in accepting payment of a reduced amount of interest at this time, the Government of the United States reserves its right to claim such additional amounts of interest as may be due as a result of the dis-

cussions proposed in this Government's note of November 17, 1947 concerning the losses stated by your Government to have resulted from termination of deliveries under the Agreement of October 15, 1945.

The Government of the United States cannot accept, however, the action of your Government, deducting from the interest due the sum of 1,300,000 dollars as compensation for damages claimed to have been incurred by your Government as a result of non-receipt of export licenses. The Agreement of October 15, 1945 firmly fixes the obligations of the Soviet Government to make annual payments of interest on the total amount due and contains no provision for modification of such payments by unilateral action of the Soviet Government. This Government, therefore, notifies the Government of the Union of Soviet Socialist Republics that interest in the amount of 1,300,000 dollars is now past due under the Agreement of October 15, 1945 and prompt payment is hereby requested.

As stated in my note of July 26, 1948 the Government of the United States cannot comment on the claims of your Government for damages alleged to have resulted from United States export control procedures until it has been informed as to the details of the claims which you state, in your note of August 10, 1948, will be submitted in due course by the President of the Government Purchasing Commission of the Soviet Union in the USA.

Accept [etc.]

For the Secretary of State:
ROBERT A. LOVETT

861.24/9-2848

Memorandum by Mr. George E. Truesdell of the Division of Eastern European Affairs to the Deputy Director of the Office of European Affairs (Thompson)

SECRET

[WASHINGTON,] September 28, 1948.

In my opinion it would be impossible to take any action under the Soviet Master Lend-Lease Agreement to recapture legally lend-lease vessels now in Soviet possession without first notifying the Soviet Government that the emergency referred to in the Master Lend-Lease Agreements has been terminated by the President. In similar fashion it would be impossible to put the Soviet Government on the defensive with respect to patent matters without stating more specifically than heretofore our position with respect to Article IV of the Master Agreement. The attached draft notes have been prepared with this in mind.¹

After despatch of these notes, it would then be possible to follow

¹ Not attached to file copy. See the notes of October 7 and October 12, 1948, p. 1012 and p. 1016.

up our note of September 3 setting some sort of deadline for a satisfactory reply. If such a reply were not forthcoming, the stage would then be set for demanding the return of the merchant vessels, the small number of military vessels and the remainder of the naval craft, again setting deadlines as to satisfactory replies. If such replies were not forthcoming, we could then take the appropriate steps to obtain the return of the vessels by legal seizure in foreign ports or by outright seizure upon the high seas if this should prove possible or practicable.

In any event, forwarding of the attached notes could do nothing more than confirm our positions re: Articles IV and V of the Master Agreement and, in the interim, legal opinions may be obtained from L as to our rights in foreign ports and on the high seas.

GEORGE E. TRUESDELL

861.24/9-348

*The Acting Secretary of State to the Ambassador of the Soviet Union
(Panyushkin)*

WASHINGTON, October 7, 1948.

EXCELLENCY: I have the honor to refer to the requests made by the Government of the United States for the return of various lend-lease articles, and particularly to the demands made in the first two paragraphs of Section IV of this Government's note of September 3, 1948 for the return of articles specified therein pursuant to the Master Lend-Lease Agreement between our two Governments, i.e., the "Agreement between the United States of America and the Union of Soviet Socialist Republics on the principles applying to mutual aid in the prosecution of the war against aggression" concluded on June 11, 1942. No response to this Government's note of September 3, 1948 has yet been received.

Article V of the Master Lend-Lease Agreement provides as follows:

"The Government of the Union of Soviet Socialist Republics will return to the United States of America at the end of the present emergency, as determined by the President of the United States of America, such defense articles transferred under this Agreement as shall not have been destroyed, lost or consumed and as shall be determined by the President to be useful in the defense of the United States of America or of the Western Hemisphere or to be otherwise of use to the United States of America."

On July 7, 1948 the President of the United States determined that the emergency relative to the lend-lease program referred to in the provisions of the Master Lend-Lease Agreements between the United States and various lend-lease countries had terminated. As directed

by the President, I hereby advise you that the following defense articles, listed in the first two paragraphs of Section IV of this Government's note of September 3, 1948, are of use to the United States and the demand for their return to the United States, in accordance with Article V of the Agreement of June 11, 1942, is hereby reiterated:

- 3 Icebreakers, AGCR
- 28 Frigates, PF
- 15 Landing Craft, Infantry, LCI(L)
- 101 Torpedo Boats, PT
- 39 Large Submarine Chasers, SC
- 31 Small Submarine Chasers, PTC and RPC

The Government of the United States, in addition to demanding the return of the defense articles stated above, reserves its rights under Article V of the Agreement of June 11, 1942 to demand the return to the United States under the provisions of this Article of such other lend-lease articles as may be determined to be of use of the United States.

Accept [etc.]

Acting Secretary of State:
ROBERT A. LOVETT

861.24/10-848

Memorandum by Mr. Paul H. Nitze, Deputy to the Assistant Secretary of State for Economic Affairs, to the Under Secretary of State (Lovett)

SECRET

[WASHINGTON,] October 8, 1948.

BACKGROUND

In Article IV of the Soviet Master Lend-Lease Agreement, the Soviet Government is committed to protect U.S. nationals holding patents upon lend-lease articles by taking any necessary action or making any necessary payments when requested by the President of the United States. In the Lend-Lease settlement negotiations, the Soviets chose to meet these obligations by dealing directly with U.S. patent holders and on June 25 of this year informed the U.S. that the Soviet Government Purchasing Commission had been authorized to conclude the necessary agreements. Negotiations between three U.S. patent holders and the Purchasing Commission have so far failed chiefly because the Soviets have insisted upon (1) receiving new technological developments, (2) making compensation agreements effective only upon conclusion of an overall intergovernmental lend-lease settlement, and (3) in two instances insisting upon rates of compensation less than those charged all other users on an MFN basis. Other patent holders have expressed their opposition to initiating negotiations with the Soviets in view of their weak bargaining position. These firms

state that they would be willing to negotiate if the Government took a firm position, first, with respect to the necessary rates of compensation and, second, with respect to the necessity of prompt compensation regardless of the outcome of the overall lend-lease settlement negotiations. Most of the patent holders have agreed not to supply any new technological information.

In Lend-Lease Administrator Stettinius' letter of June 8, 1943, he forwarded copies of license agreements between the U.S. Government and the patent holders and authorized the Soviet Government to use the processes during the war and for war purposes. These license agreements covered 18-month periods after initial operation of the plants, these periods representing estimates of the expected duration of the war. The Stettinius letter requested the Soviet Government, under Article IV of the Master Lend-Lease Agreement, not to use the processes after the termination of the present national emergency, as determined by the President of the United States, except upon compensation to the patent holders, and set forth a general guide as to what that compensation should be.¹

DISCUSSION

The U.S. objectives with respect to oil refinery patent matters are primarily to obtain satisfactory compensation to the patent holders and, failing this, to place the Soviet Government in the position of obviously evading its obligations. The attached note² has been drafted with these objectives in mind. It takes advantage of the recent determination of the end of the emergency by the President and will implement the U.S. position set forth in the Stettinius letter of June 1943; establishes a basis for rates of compensation to U.S. patent holders, makes clear the U.S. position that Soviet obligations to compensate the patent holders exists and will continue to exist, whether or not an over-all lend-lease settlement is reached; provides a deadline for Soviet compliance which, if not met, will permit the U.S. to demand specific payments to patent holders within the framework of Article IV of the Soviet Master Lend-Lease Agreement.

The forwarding of the note at this time appears desirable since it will provide support to U.S. patent holders, will obtain the maximum benefit from the recent determination of the end of the emergency by the President and, being sent before a Soviet reply to our note of September 3, 1948, will obviate, to the greatest degree possible, a Soviet reply evading this issue.

¹ For the excerpt from this letter of June 8, 1943, stating the basic advice for the protection of patent rights of United States nationals, see the following memorandum of October 8, by Mr. Nitze.

² Not attached hereto, but see the note of October 12, p. 1016.

RECOMMENDATIONS

1. Signature of the accompanying note is recommended.
2. Indication of your approval of the attached memorandum concerning the end of the emergency is likewise recommended.³

³ Not attached hereto, but see *infra*.

861.24/10-848

Memorandum by Mr. Paul H. Nitze, Deputy to the Assistant Secretary of State for Economic Affairs, to the Under Secretary of State (Lovett)

CONFIDENTIAL

[WASHINGTON,] October 8, 1948.

The Protocols for supply of material to the U.S.S.R. during the war included certain oil refinery equipment covered by United States patents and involving patented processes in which United States citizens have interests. In connection with these interests the United States Government paid royalties covering use during a limited war-time period and has advised the Soviet Government that, pursuant to the Master Lend-Lease Agreement, it is expected to negotiate license agreements with the patent holders. The basic advice to the Soviet Government was contained in a letter dated June 8, 1943, to General A. I. Belyaev¹ from Mr. Stettinius, then Lend-Lease Administrator, which contains the following paragraph:

"In order that the rights of United States nationals who have patent rights in and to the aforesaid processes and technical information may be protected, I hereby request, under Article IV of the Master Agreement of June 11, 1942, between the Government of the United States and the Government of the U.S.S.R., that the Government of the U.S.S.R. agree, first, that it will not use the processes or information except in accordance with the terms and conditions of the licenses and, secondly, that it will not use the processes or information after the termination of the present national emergency, as determined by the President of the United States, except upon such terms and conditions of compensation to United States nationals who have patent rights in and to the processes or information as shall be mutually agreed upon as fair and reasonable on the basis of use of the processes or information and in the light of the compensation to which such nationals would be entitled for similar use in this country by or on behalf of the Government of the United States."

It is now considered appropriate to call the attention of the Soviet Government to the request contained in above letter, and to reiterate

¹ Maj. Gen. Alexander Ivanovich Belyayev (Belyaev) was Chairman of the Government Purchasing Commission of the Soviet Union in the U.S.A. in 1942-1943.

that request. This is being done by means of a note to the Soviet Ambassador, submitted for your clearance along with this memorandum.²

You will notice that the second portion of the request contained in the quoted paragraph depends upon a Presidential determination of the "termination of the present national emergency." The history of this matter, found in the files of the Department and according to those who participated in the preparation of Mr. Stettinius' letter, indicates that it was assumed that the "emergency" referred to therein was the same, and would terminate at the same time, as the "emergency" mentioned in Article V of the Master Lend-Lease Agreements, which is concerned with the right of recapture. This seems to be the only conclusion that is warranted by the documents.

As you will recall, the President, at the suggestion of the Department, issued a statement on July 8 [7], 1948, declaring that the emergency mentioned in the Master Agreements had been determined to have terminated. It follows that the emergency mentioned in the above-quoted paragraph has also terminated, and the Soviet Government is obligated to refrain from using the processes and information involved except, as provided in letter from Mr. Stettinius, upon terms and conditions agreed by the interested United States nationals.

The note which you are now asked to approve has been drafted in the light of the foregoing conclusions.

² See the note of October 12, below.

861.24/10-848

*The Acting Secretary of State to the Ambassador of the Soviet Union
(Panyushkin)*

WASHINGTON, October 12, 1948.

EXCELLENCY: I have the honor to refer to the conversations and communications between representatives of our two Governments in connection with the compensation of United States nationals for the use of their patented processes in the oil refineries supplied to your Government under the Lend-Lease Act and particularly to Section VI of this Government's note of September 3, 1948 wherein it was stated that this Government expects that prompt settlements with United States patent holders will now be accomplished in fulfillment of the obligations of your Government pursuant to the Master Lend-Lease Agreement between our two Governments, i.e., the "Agreement between the United States of America and the Union of Soviet Socialist Republics on the principles applying to mutual aid in the prosecution of the War against aggression" concluded on June 11, 1942. No

response to this Government's note of September 3, 1948 has yet been received.

Article IV of the Master Lend-Lease Agreement provides as follows:

"If, as a result of the transfer to the Government of the Union of Soviet Socialist Republics of any defense article or defense information, it becomes necessary for that Government to take any action or make any payment in order fully to protect any of the rights of a citizen of the United States of America who has patent rights in and to any such defense article or information, the Government of the Union of Soviet Socialist Republics will take such action or make such payment when requested to do so by the President of the United States of America."

In a letter dated June 8, 1943 to Major General A. I. Belyaev from Mr. E. R. Stettinius, Jr., Lend-Lease Administrator, and in a letter dated October 16, 1943 to Mr. K. I. Lukashev,¹ from Mr. Bernhard Knollenberg, Acting Lend-Lease Administrator, your Government was advised that the Government of the United States had acquired licenses from certain United States firms for the use of their patented processes and technical information in the oil refineries supplied to your Government under the Lend-Lease Act, specifically Lend-Lease requisition R-4200, including requisitions supplementary thereto, and copies of these license agreements were enclosed. In these letters your Government was authorized under the terms of these licenses to use the processes covered by the licenses and the information supplied thereunder during the war and for war purposes in connection with the refineries supplied under requisition R-4200. Also in these letters, in order that the rights of United States nationals who have patent rights in and to the aforesaid processes and information might be protected, your Government was requested, under Article IV of the Master Agreement of June 11, 1942, not to use the processes or information except in accordance with the terms and conditions of the licenses and, secondly, not to use the processes or information after the termination of the present national emergency, as determined by the President of the United States, except upon compensation to the United States nationals who have patent rights in and to the processes or information.

In a letter dated February 10, 1947 from Mr. W. C. Moore² to Mr. I. A. Eremin, confirmed by letter dated February 13, 1947³ to Mr. Eremin from Mr. Chester T. Lane, Lend-Lease Administrator, your Government was advised that the Government of the United States would not avail itself of the options contained in the license agree-

¹ Konstantin Ignatyevich Lukashev was Chairman of the Amtorg Trading Corporation and Vice Chairman of the Government Purchasing Commission of the Soviet Union in the United States.

² Not printed. Mr. William C. Moore was Director of the U.S.S.R. Division in the Office of the Foreign Liquidation Commissioner, Department of State.

³ Not printed.

ments with the United States patent holders to continue use of the processes beyond the periods specifically authorized by the licenses, and your Government was requested, pursuant to Article IV of the Master Lend-Lease Agreement, to make the necessary payments to the patent holders for continued use by your Government beyond such periods.

On July 7, 1948 the President of the United States determined that the emergency relative to the lend-lease program referred to in the provisions of the Master Lend-Lease Agreements had terminated. Furthermore, the periods of use authorized by the license agreements between the United States Government and the following process owners have now expired:

Petrolite Corporation, Ltd.
Stratford Development Corporation
Universal Oil Products Company
International Catalytic Oil Processes Corporation
Houdry Process Corporation

The information contained in the Embassy's note of June 24, 1948,⁴ as to dates of commencement of operations, indicates that the periods of use authorized by the license agreements between the United States Government and the following process owners will expire on or about March 1, 1950:

Texaco Development Corporation
Max B. Miller & Co., Inc.

By direction of the President of the United States, in accordance with Article IV of the Master Lend-Lease Agreement between our two Governments, I hereby request the Government of the Union of Soviet Socialist Republics to compensate on or before January 1, 1949 the five United States patent holders listed above, the licenses for use of whose processes have now expired. Similarly, I hereby request your Government to conclude agreements on or before January 1, 1949 to compensate the two United States patent holders listed above, the licenses for use of whose processes will expire on or about March 1, 1950, such compensation to be made not later than March 1, 1950. The compensation to be made to these patent holders should be for the continued use of their processes in the refineries supplied to your Government under lend-lease requisition R-4200 and requisitions supplementary thereto beyond the periods authorized in the license agreements between these firms and the Government of the United States. The terms and conditions of such compensation should be those set forth in Mr. Stettinius' request of June 8, 1943, namely, "such terms and conditions of compensation to United States nationals who have patent rights in

⁴ Not printed.

and to the processes or information as shall be mutually agreed upon as fair and reasonable on the basis of use of the processes or information and in the light of the compensation to which such nationals would be entitled for similar use in this country by or on behalf of the Government of the United States."

Accept [etc.]

ROBERT A. LOVETT

861.24/11-848

The Director of the Office of Financial and Development Policy (Knapp) to the Chief of the Division of Supply, United States Maritime Commission (Steffes)

WASHINGTON, November 8, 1948.

MY DEAR MR. STEFFES: It had been the understanding of this Department and, I believe, also of the Maritime Commission that, as of December 31, 1946, no lend-lease goods procured by the Maritime Commission out of lend-lease funds appropriated to the President remained for delivery to the Soviet Union. I am now advised, however, that there have come to light a few such items which were included for delivery to the Soviet Government under the post-war Lend-Lease Agreement of October 15, 1945, but have not as yet been transferred to the custody of the Soviet Government.

In accordance with the terms and intent of the Supplemental Appropriation Act, Public Law 271, 80th Congress, approved July 30, 1947, and the Third Deficiency Appropriation Act, 1946, Public Law 521, 80th Congress, approved July 23, 1946, such items should not now be released for shipment to the Soviet Union.

The Maritime Commission should take immediate steps to dispose of all such articles, whether now in storage or to become available under existing contracts. The disposal, hereby authorized, should be accomplished in a manner that will best serve the interests of the United States, either as surplus or in fulfillment of some requirement of this Government.

Sincerely yours,

For the Acting Secretary of State:

J. BURKE KNAPP

861.24/12-948

*The Ambassador of the Soviet Union (Panyushkin) to the Acting
Secretary of State*

Translation

CONFIDENTIAL

WASHINGTON, December 9, 1948.

No. 208

SIR: With reference to the notes of the Department of State of September 3 and of October 7 and 12, 1948 on the question of the settlement of lend-lease accounts I have the honor upon instructions of the Government of the Union of Soviet Socialist Republics to communicate the following:

The Embassy's note of June 25, 1948 indicated that the Soviet Government, desirous of facilitating the reaching of an understanding, does not propose to enter into further discussion of the principles which should serve as a basis for settlement of lend-lease accounts in view of the necessity for proceeding with discussion of concrete proposals. With this aim the Soviet Government introduced in the Embassy's reference note a series of such proposals which, in the event of their adoption, would have assured the successful conclusion of lend-lease negotiations on conditions mutually advantageous to both parties. It was supposed that the proposals introduced would serve as a basis for concrete negotiations begun in due course on the initiative of the Government of the United States of America. However, rather than continue negotiations the Government of the USA preferred to reply with a note which was not indicative of a desire on its part to achieve an agreement acceptable to both parties.

The Soviet Government deems that the proposals set forth in the note of the Department of State of September 3, 1948, in particular, the proposals concerning the global sum and the conditions for its payment by the Soviet Government for articles of a civilian nature, delivered under lend-lease, that remained unconsumed at the war's end, cannot serve as a basis for agreement, since they contradict the principles of the Agreement of June 11, 1942, including the conditions of Article VI of this Agreement, which provide that final lend-lease settlement must take into account the benefits derived by the Soviet Union from the USA, as well as the benefits which the USA derived from the Soviet Union, whose contribution to the conduct of the war and the achievement of victory over the common enemy was exceptionally great. The Soviet Government deems exorbitant the global sum of \$1,300. million designated in the note of the Department of State of December [September] 3 of this year, which the Government of the USA proposes to recognize as subject for payment by the Soviet Government for articles of a civilian nature delivered under lend-lease

which remained unconsumed at the war's end. The demand for payment of the above-mentioned sum is unjustified not only from the standpoint of the contribution of the Soviet Union to the conduct of the war and of the benefits which the United States derived therefrom, but also in view of the agreements concerning the settlement of lend-lease accounts concluded by the Government of the USA with other countries, including Great Britain.

The deliveries effected by the USA to the Soviet Union under lend-lease were no more than half as large as the deliveries to Great Britain under lend-lease; moreover the sum of \$1,300. million designated by the Government of the USA for the remaining unconsumed lend-lease articles delivered to the Soviet Union is almost three times as great as the sum paid by Great Britain to the United States in this connection. Particular evidence of this are the data of the Supplementary Report of the Special Committee of the Senate of the USA of March 22, 1946 (No. 110, Part 5) from which it is evident that American deliveries under lend-lease to Great Britain, excluding reverse lend-lease, totalled the sum of \$21,500. million, whereas the sum which Great Britain is paying under agreement with the USA as compensation for all remaining lend-lease deliveries comprises a total of \$472. million.¹

Inasmuch as the benefits derived by the United States as a result of the war effort of the Soviet Union immeasurably exceed the benefits derived by the Soviet Union in the form of lend-lease articles, and also inasmuch as the sacrifices and losses of the Soviet Union in the struggle against the common enemy were exceptionally great, the Soviet Government has reason to consider that the sum of \$170. million proposed in the Embassy's note of June 25 of this year for lend-lease articles delivered to the Soviet Union and which remained unconsumed at the war's end constitutes just compensation. Nevertheless the Soviet Government expresses its readiness to increase the global sum to \$200. million in conformity with existing precedents in the settlement of lend-lease accounts.

The Soviet Government deems that the considerations set forth above also relate to the terms of settlement for lend-lease deliveries. In introducing the proposal for the payment of the above-mentioned sum in 50 equal annual installments, beginning 5 years after the conclusion of

¹ U.S. Congress, Senate, *Investigation of the National Defense Program. Additional Report of the Special Committee Investigating the National Defense Program*. Report No. 110 (79th Cong., 2d sess.), Part 5 (March 22, 1946): *Investigations Overseas—Surplus Property Abroad* (Washington, Government Printing Office, 1946). See particularly the section entitled: "The Bulk Sale of Surpluses to the United Kingdom and the Lend-Lease Settlement," pp. 23–33. Here the total of consumed American lend lease deliveries to the United Kingdom, excluding reverse lend lease, is given as \$20½ billion on pp. 23, 31, and 33.

the agreement for the settlement of the lend-lease account with an annual interest rate of 2% and with commencement of the accrual of the interest on the amount of the debt also 5 years after the conclusion of the agreement, the Soviet Government has hereby taken into consideration the terms of the above-mentioned agreement between the United States and Great Britain.

In view of the circumstances set forth above, the Government of the USSR has the right to expect that the conditions of the terms of settlement proposed to it will not in any case be worse than the terms of settlement with any other country which has received lend-lease aid from the USA.

As regards the proposal of the Government of the USA for the inclusion in the agreement on the settlement of lend-lease accounts of a condition providing for the right of the Government of the USA to demand of the Soviet Union the return of remaining military articles delivered under lend-lease which may remain on hand in the Soviet Union after the conclusion of the agreement, the Soviet Government adheres to the position set forth in the Embassy's note of June 25 of this year, considering that the inclusion of such a provision in the agreement would only impede final settlement of lend-lease accounts and would contradict the very purpose of the negotiations being conducted at this time.

It also seems necessary to call attention to the lack of basis of the broad interpretation of the rights of the USA under Article V of the Agreement of June 11, 1942 with regard to the return of lend-lease articles, which is contained in the note of the Government of the USA of September 3 of this year. This note indicates in connection with the question of naval vessels that allegedly: "the return of articles under the terms of Article V of the Master Agreement of June 11, 1942 is not dependent upon the use of such articles to be made by the Government of the United States."

The Soviet Government cannot concur in such an assertion as it does not accord with the conditions of the Agreement of June 11, 1942 providing for the safeguarding of the interests of both parties.

As regards the question of the 28 frigates, the Soviet Government expresses its agreement to return them to the Government of the USA, on the understanding that the procedure and dates for the return of these vessels shall be agreed upon by experts of both parties. In this connection the Soviet Government has in mind that no discrimination toward the Soviet Union will be permitted in connection with the subsequent disposition of these vessels on the part of the United States.

In connection with the unwillingness of the Government of the USA to lease to the Soviet Government the three icebreakers transferred

under lend-lease, the Soviet Government is agreed that experts of both parties should also discuss the question of dates and procedure for the return of these vessels to the United States.

In view of the proposals contained in the notes of the Department of State of September 3 and October 7, 1948, as regards the remaining naval vessels transferred under lend-lease to the Soviet Union, the Soviet Government would deem it expedient that Soviet and American experts discuss both the terms of sale to the Soviet Union of a certain number of these vessels, as well as the procedure and dates for the return to the United States of the balance of these vessels. In this connection the Soviet Government in compliance with the request of the Government of the USA, expressed in its note of September 3, 1948, will provide to the Government of the USA information mentioned, as well as information concerning the vessels destroyed. At the same time the Soviet side expresses its agreement with the proposal of the Government of the USA for the destruction of naval vessels technically unfit for use, and complete up-to-date information will be made available concerning them.

The Soviet Government in the note of June 25 of this year already stated its desire to acquire for \$7 million merchant vessels of pre-war construction and tug boats, including in this sum compensation for vessels of pre-war construction lost after March 18, 1946. As the Government of the USA is doubtless aware, the vessels in question are from 28 to 46 years old and most of them are in unsatisfactory technical condition. However, for the purpose of most rapidly concluding the negotiations, the Soviet Government is ready to increase this sum to \$13 million, having in mind that experts of both parties should come to an understanding regarding the conclusion of a special agreement on the sale of merchant vessels to the Soviet Union.

As regards the question of payment of compensation to American firms for the utilization of their patents for oil refining processes transferred to the Soviet Union during the war, in accordance with an understanding reached earlier on the settlement of this question by means of direct negotiations with the firms holding the patents, the Soviet Government Purchasing Commission in the USA has been carrying on for some time appropriate negotiations with three of the seven interested firms. The Soviet Government Purchasing Commission is also ready to carry on negotiations with the other interested firms. The Government of the USSR therefore sees no reason to change the agreed procedure for the settlement of this question.

Accept [etc.]

A. PANYUSHKIN

THE CASE OF THE DISAPPEARANCE OF RUSSIAN TEACHERS, AND THE
RECIPROCAL CLOSURE OF CONSULATES GENERAL¹

702.6111/8-948

*The Director of the Federal Bureau of Investigation (Hoover) to the
Chief of the Division of Foreign Activity Correlation (Neal)*

CONFIDENTIAL

WASHINGTON, August 9, 1948.

Reference is made to the telephone call from this Bureau to you on August 7, 1948, concerning the above captioned matter.² The following facts are being set forth for your information and consideration and no further action will be taken by this Bureau.

At approximately 2:15 PM on August 7, 1948, the Clarkstown, New York Police Department advised that a complaint had been received that a woman was taken from a rest home operated by Mrs. Alexandra Tolstoy by four men believed to be Russians in a black Buick sedan.

Mrs. Tolstoy, above mentioned, is identical with Countess Alexandra L. Tolstoy, head of the Tolstoy Foundation.³ She and her assistant, Martha Andreevna Knutson, were interviewed and Knutson advised that at about 1:25 PM, on August 7, 1948, she was at the Reed Farm, Lake Road, Valley Cottage, New York, which is operated by the Tolstoy Foundation and noticed a car with three or four men and one woman arrive at the farm. Two men got out of the car and one of them approached her and asked where "the school teacher with the twins" was.⁴ Knutson told him she did not know and said that Kasienkina⁵ was the only teacher she knew. Knutson said she noticed then that the other man who had gotten out of the car was talking to Kasienkina who was working in the kitchen. At about this time, Knutson advised, Countess Tolstoy arrived on the scene.

Countess Tolstoy advised that Kasienkina came to her and said she was leaving, that "she had to go". Tolstoy went with Kasienkina to

¹ A quantity of material, not printed here, comprising reports of investigations, transcripts of testimony and interviews, and reproductions of some documents, is in the files of the Department of State particularly under 311.6115 and 702.6111. See also, for newspaper coverage, the *New York Times Index 1948*, pp. 1030-1032, under the entry "USSR, Politics and Government."

² This was related to the disappearance of two Russian teachers from the special private school operated for the children of members of the Consulate General of the Soviet Union and other agencies at New York City.

³ Miss (Countess) Alexandra Lvovna Tolstoy (Tolstaya) was the daughter of the Russian novelist Count Lev (Leo) Nikolayevich Tolstoy (1828-1910). She was the head of the Tolstoy Foundation ("Fund"), Inc., with offices at 289 Fourth Avenue, New York City, which was a welfare organization, and which operated and maintained the rest home of Reed Farm at Valley Cottage in Rockland County, New York.

⁴ The reference is to Mikhail Ivanovich Samarin. His wife was Klavdiya Mikhailovna Samarina. Their twins, Tatyana Mikhailovna and Vladimir Mikhailovich, had been born in New York. There was also an older daughter, Elena (Helen) Mikhailovna.

⁵ Mrs. Oksana Stepanovna Kasenkina (Kasyenkina).

the latter's bedroom, locked the door and advised Kasienkina that she did not have to go, that this was America and that if she wanted to stay, Tolstoy could have the police at the farm within fifteen minutes. Countess Tolstoy advised that Kasienkina insisted that "she had to go" and proceeded to pack her bags and get her things ready. Tolstoy further advised that she told Knutson to call the men on the farm just prior to the time she went to the bedroom with Kasienkina. When Kasienkina came out of her bedroom with her bags one of the men who had arrived in the car took the bags and rushed her to the car. Meanwhile the men at the Reed Farm had surrounded the car and were going to rush it but Tolstoy told them that Kasienkina wanted to go and that she had a right to go.

Countess Tolstoy further advised that about ten minutes after Kasienkina left the farm which was about 1:35 PM, a station wagon with New York license SU-225, drove up and asked for Kasienkina. These individuals were told that Kasienkina was not there and the station wagon left. Countess Tolstoy said that she then called the Clarkstown Police Department and gave them the facts. She gave the license of the station wagon and also advised the police that the first car was a black Buick sedan.

Advice has been received that the Clarkstown Police Department put out an alarm for both of the above mentioned cars and subsequently the station wagon was stopped, but after the occupants identified themselves and claimed diplomatic immunity they were permitted to proceed.

Countess Tolstoy stated that Kasienkina does not speak English, that she was employed as a teacher in Agricultural Chemistry. Her husband was shot in Russia and her child later disappeared. Some of her belongings were left at the Reed Farm.

Countess Tolstoy also explained that Kasienkina went to a man at the Russian daily newspaper, "Novoye Rosskoye Slovoye"⁶ on July 29, 1948 and told her story. This man sent Kasienkina to Vladimir Zenzinov⁷ who called Countess Tolstoy and asked her if she could hide out a person for a few days. Countess Tolstoy said she could but that she would have to turn the person over to the Immigration and Naturalization Service and thereafter the person would have to take her chances on staying in this country. Countess Tolstoy also said that if it developed this person was a spy she would, of course, be turned

⁶ The reference is to Mark (Max) Weinbaum, editor of the *Novoye Russkoye Slovo* (New Russian Word) in New York City.

⁷ Vladimir Mikhailovich Zenzinov was a journalist, writer, and editor of the *Russian Review for Freedom* in New York City. He claimed that he had been a member of the Executive Committee of the Soviet (Council) of Workers' Deputies in Petrograd in March 1917 along with Iosif Vissarionovich Stalin and Vyacheslav Mikhailovich Molotov.

over to the proper authorities. It was arranged for Kasienkina to meet Countess Tolstoy on July 30, 1948, but Kasienkina did not appear. However, on July 31, 1948, Kasienkina took a cab and told the people at her residence that she was going to the pier to depart from this country. Instead she went to Zenzinov's office and the latter brought her to the Tolstoy Farm by bus, arriving there at about 1:20 p. m. July 31, 1948. Countess Tolstoy said that Kasienkina seemed to be quite happy at the farm.

Countess Tolstoy further advised that on July 29, 1948, Mikhail Ivanovich Samarin came into her office and begged her to hide him and his family. He indicated that he needed help because he would be shot upon his return to Russia. Countess Tolstoy warned him as she had Kasienkina that she could hide him for a few days and then it would be necessary to turn him over to the Immigration and Naturalization Service. She explained to him that he would have to take his chances on being able to stay in this country and further informed him that if he turned out to be a spy he would be turned over to the proper authorities in this country. On Friday, July 30, 1948, Countess Tolstoy arranged a meeting for Samarin with Andrew Shebanoff⁸ of Freehold, New Jersey. At 1:00 a. m. July 31, 1948, Shebanoff took a truck to Samarin's apartment, picked up his family and his belongings and took them to the hideout. Countess Tolstoy advised that she asked Samarin if there was anyone else who wanted to leave and he advised her that Kasienkina also wanted to leave and that he thought she was all right but would not recommend her because he had learned never to trust anybody.

Countess Tolstoy advised that she asked Kasienkina if there was anyone else among the teachers who wanted to leave and Kasienkina advised she understood Samarin wanted to leave but she did not know whether to trust him or not because she had learned never to trust anyone.

Countess Tolstoy stated that Shebanoff is a former member of the Communist Party in Russia and was in prison with Stalin at one time.

However, he has turned against Russia. He is fairly well off and has been known to help many people. She also advised that she has known Zenzinov who resides at 294 Riverside Drive, New York City, for sometime, and that he is a Socialist Revolutionary and a foe of the Communists. He is an author and when he was in Russia he was friendly with Kerensky.⁹

⁸ Presumably intended is Harry Shibanov, owner of a chicken farm and a former revolutionary in Russia.

⁹ Alexander Fedorovich Kerensky had been a minister and then prime minister (July–November 1917) of the Provisional Government of Russia.

You will recall that Sunday newspapers reflected that a press conference was held at the Soviet Consulate in New York City¹⁰ and at this conference, Kasienkina through an interpreter, claimed to have been kidnapped and taken to the Reed Farm, after her arm was pierced with a hypodermic needle. At the conference, Kasienkina claimed to have been approached by one Vladimir Zenzinov and had also been influenced by a Dr. Alexander Korchinsky.¹¹ She claimed that both of these men took her to the Reed Farm. She also claimed that while at the farm she wrote a letter to the New York Consulate stating, "I am not an enemy. I am very loyal to my country. I love my people with all my heart. I beg you not to let me perish here. I have been deprived of my freedom." The letter was apparently longer but the above portion was the only one given to the press. At the press conference it was further stated that this letter was postmarked August 5, 1948. It allegedly was given to a vegetable man who was driving by the Reed Farm and he later posted it.¹²

At the press conference it was stated that when this letter was received by Yakov M. Lomakin,¹³ he notified the New York City Police Department, advising them that he was going to the Reed Farm and wanted the police to go with him. He said it was understood that the police would have a representative at the farm but that when he arrived with his assistant and his chauffeur, they did not see the police and therefore they went in by themselves.

At the press conference it was further stated that Kasienkina advised she wanted to go back to Russia and it was necessary to use force to get her out of the house where she was staying at the Reed Farm. About this time approximately twelve men surrounded the car and grabbed Lomakin and his assistant but they got away with Kasienkina.

¹⁰ The statement made by Mrs. Kasenkina to the press at a conference arranged at the Consulate General of the Soviet Union on August 7 is in the *New York Times*, August 8, 1948, pp. 1, 48.

¹¹ Identification indefinite. A Federal Bureau of Investigation memorandum of August 25, 1948, suggested the possibility of an Alexander Kojansky who was a chemist but not a doctor, although using that title. (702.6111/8-3048)

¹² This letter was postmarked from Haverstraw, New York, August 5, 1948, 8 a. m. The envelope was directed to A[lexander] E[fremovich] Porozhnyakov, an attaché of the Consulate General, who resided in the same building as Mrs. Kasenkina. A photostatic copy of this letter is on file under 702.6111/9-2048. The letter indicated a strong wish not to return to the Soviet Union and an explanation why the writer held that view. There was suspicion regarding the handwriting of this letter, which could not be certainly resolved in a Federal Bureau of Investigation Laboratory Report of October 5, 1948, because the handwriting characteristics were not sufficiently comparable. (702.6111/9-2048) In an interview on September 9, 1948, at the Roosevelt Hospital in New York with officers of the Police Department, Mrs. Kasenkina believed the copy shown to her was too long, being five sheets of paper whereas she had mailed about two pages, and she did not recognize some of the characters as being in her writing. The transcript of this interview is filed under 702.6111/9-1048. See also footnote 1, p. 1049.

¹³ Yakov Mironovich Lomakin was consul general of the Soviet Union at New York.

At the press conference it was also stated that Mikhail Ivanovich Samarin, who was a teacher of mathematics at the Soviet Private School and his wife who was a teacher of languages at the same school, were scheduled to depart July 31, 1948, aboard the SS *Pobeda*, but were missing. Lomakin advised the press conference that it was understood the Samarin family was taken to a camp in New Jersey. He advised that he was going to make an effort to see if he can obtain the release of the Samarin family, who allegedly are at the Rover Camp, Cassville, New Jersey.¹⁴ Lomakin also advised that he did not know what his next move would be, that if the FBI wanted to talk to Kasienkina, permission to do so might be given on Monday.¹⁵ Lomakin also indicated that he might get in touch with Commissioner Wallander¹⁶ at the Police Department and make some effort to obtain the release of the people who are being held, if there are any, against their will at the farm.

Viktor Andreevich Kravchenko¹⁷ was interviewed on August 7, 1948, and advised that Kasienkina had approached the editor of "Novoye Rosskoye Slovo" shortly prior to July 31, 1948, stating that she did not wish to return to Russia and asked for assistance. The editor referred her to Vladimir Zenzinov, 294 Riverside Drive, New York City, who is an elderly Russian of right wing political leanings. Kravchenko advised that on August 7, 1948, he called Zenzinov and Zenzinov immediately requested that Kravchenko see him. At this time the occurrences at the Tolstoy Farm were related to Kravchenko. It should also be noted that Miss Tolstoy advised that after receiving this information Kravchenko communicated with Representative Carl Mundt.¹⁸ Kravchenko also advised that he had determined through Zenzinov that no statements had been given by Kravchenko [*sic*] or Miss Tolstoy. He also stated that newspaper men had attempted to obtain the complete story from Zenzinov but he had cautioned Zenzinov not to make any disclosures.

Kravchenko stated that Samarin had been moved to a location other than the one believed to be known to the Soviet Consulate and he offered to locate Samarin. Kravchenko also stated that when located he would make him available for interview.

At 9:45 AM, August 8, 1948, Mikhail Ivanovich Samarin called at the FBI office in New York City accompanied by Kravchenko.

¹⁴ The Rova (Roova) Camp, or Farm, was operated by the Russian United Mutual Aid Society. The Samarin family was not sheltered here.

¹⁵ August 9.

¹⁶ Arthur W. Wallander, Commissioner, New York City Police Department.

¹⁷ For documentation on Kravchenko's own defection and the attempts by the Soviet Government to obtain his deportation, see *Foreign Relations*, 1944, vol. IV, pp. 1224-1241, and 1945, vol. V, pp. 1131-1138.

¹⁸ Karl E. Mundt of South Dakota was a member of the Un-American Activities Committee of the House of Representatives.

Samarin was advised through a Russian speaking agent that he did not have to make any statement and was free to leave at any time.¹⁹ All agents present at the interview identified themselves as such.

Samarin described himself and his wife as of working-class parentage. He advised that he has a mother, two sisters and three brothers in the USSR, one of his brothers being a Lieutenant Colonel in the Red Army. His wife has a mother, brother and two sisters in the USSR. Both the Samarins were in infrequent communication with their families.

Samarin advised that he graduated from the Moscow Institute of Pedagogy in 1935. He has been with the Ministry of Foreign Affairs as a teacher ever since except for two years in the Red Army from which he was released in 1943 because of wounds. He stated that he arrived in this country at Portland, Oregon, with his wife, Klavdia, and daughter, Elena, on December 3, 1943, destined for the Soviet Private School, Washington, D. C. He served there as instructor and director until his arrival in New York City in July, 1946. At the Soviet Private School in New York City he was instructor of mathematics and languages and was director until replaced as director a short time ago by Konstantin G. Andrienko. However, he continued on as a teacher.

Samarin claimed that shortly after arriving in New York City, he decided, that if possible, he would like to remain permanently in the United States. After being ordered to return to the USSR on July 31, 1948, aboard the SS *Pobeda*, he definitely decided to take steps in this direction. Coincidentally, on approximately July 25, or 26, 1948, while out walking with his wife and twin children, who were born in the United States, he was approached by a strange man and woman who admired the children, and with whom, with this entree, he conversed in Russian. Samarin indicated that he was soon to return to the USSR and the unnamed man suggested that this would not be necessary. Samarin showed interest and the unnamed man offered to assist him in this direction. Two more meetings were held between Samarin and the unnamed man on the same date. At the final meeting Samarin was given the telephone number and address of the Tolstoy Foundation, New York City, and told to contact them and mention the name of one Pervuhov.²⁰ Samarin was unable to state if this was the unknown man's name, but believes not. He made contact with Miss Tolstoy in New York City on July 29, 1948. She arranged for a Mr. Shibanov to meet Samarin on July 30, 1948. At 11:00 PM, Shibanov picked up Samarin and family in a truck and took them to his farm in Freehold, New

¹⁹ See the account in the *New York Times*, August 9, 1948, p. 1.

²⁰ Not identifiable.

Jersey. On July 31, 1948, they were transferred to the farm of Mr. Kozak in the same vicinity, but described by Shibanov as safer. Samarin's family were at Kozak's farm at the time of this interview.

Regarding his reason for his defection, Samarin stated he desired to rear his children, including the twins born here, under the advantages available in the United States; he feared constant surveillance if he returned to the USSR because he was not a Communist Party member and had been in a foreign land for a long period; he feared the possibility of war and was not convinced of the right of the USSR cause. If there was a war, he foresaw an immediate draft and he did not desire to readjust to the rigor of USSR life.

Samarin stated that when he first contacted Miss Tolstoy she asked him if he knew that another teacher was already at the Tolstoy Foundation. He advised that he knew nothing whatsoever concerning the defection of Kasienkina until he heard this. He advised that he has developed no information concerning Kasienkina's defection and has had no contact whatsoever with officials of the Soviet Consulate since he left his home on July 30, 1948, with Shibanov. Samarin left the FBI office at 5:20 PM, August 8, 1948, accompanied by Kravchenko.

The above is being furnished for your information only and is not to be distributed outside of your Department. For your information, however, these facts have also been made available to the Attorney General ²¹ and to the Immigration and Naturalization Service.

²¹ Tom C. Clark.

311.6115/8-948

Memorandum of Conversation, by the Counselor of the Department of State (Bohlen)

CONFIDENTIAL

[WASHINGTON,] August 9, 1948.

Participants: The Soviet Ambassador, Mr. Alexander S. Panyushkin
Mr. Boris M. Krotov, First Secretary
Mr. Robert A. Lovett ¹
Mr. Charles E. Bohlen
Mr. Ernest A. Gross ²

The Soviet Ambassador called at his request to leave with the Department a protest ³ concerning the case of Mrs. Kosenkina and Mr.

¹ The Under Secretary of State.

² The Legal Adviser in the Department of State.

³ *Infra*.

Samarin and family in New York. The Ambassador said that these individuals had been kidnapped by a White Russian organization known as the Tolstoy Fund with at least the connivance of the American authorities, in particular the FBI, and that he was instructed by his Government to enter an energetic protest against this molestation of Soviet officials in the United States. He referred to newspaper stories and the statement of Mrs. Kosenkina in support of this contention.

Mr. Lovett replied that there were many contradictory stories appearing in the press concerning these two individuals and that we were looking into the matter, but that he could not accept the unfounded decisions of the Soviet Ambassador. He said that, if, as a result of a careful investigation of the true facts in the matter, it was found that any American citizen or others, private or official, had been guilty of improper or criminal actions in connection with these persons, the United States Government would take appropriate action. He repeated that, however, the facts were not yet clear and that the conclusions stated by the Soviet Ambassador could not be accepted; that preliminary investigation had made clear that no American authorities had been connected in the manner suggested by the Ambassador with these events.

The Soviet Ambassador said that he did not believe any assertions that the FBI was not working in conjunction with the Tolstoy fund. He said any such disavowal, in his opinion, was nonsense. He said that it was admitted in the press that Mr. Samarin had been in touch with the FBI and therefore it was obvious that the FBI had him in custody.

Mr. Lovett pointed out that the FBI statement merely reported that Mr. Samarin had called at the FBI office as any individual was entitled to do and had then left of his own free will and that we had been informed by the Bureau that they were not aware of the whereabouts of Mr. Samarin. He then read an account in the *New York Times* of the statement which Mr. Samarin had made to the paper in which he said he was refusing to return to the Soviet Union because of his conscience and unwillingness to serve the Soviet Government any longer.⁴

The Soviet Ambassador said he regarded any such disclaimer by the FBI as naive which should not be believed by any grown person; that the methods used in the case of these Soviet citizens were typical measures of provocation in matters of this kind. He asserted that the New York police had refused to cooperate with the Consul General in

⁴ Mr. Samarin had appeared at the New York office of the Federal Bureau of Investigation on the morning of August 8. His statement is printed in the *New York Times*, August 9, 1948, p. 1. This is the statement reprinted in the Department of State *Bulletin*, August 29, 1948, footnote 1, p. 251, although there ascribed to August 10.

New York and he said he demanded officially on instructions from his Government that Samarin and his family be put in contact with the Consul General and that they be turned over to the protection of the Consulate General.

Mr. Lovett repeated that the American Government was looking into the matter and would take appropriate action in the event that there had been any improper or criminal action on the part of anybody in connection with these persons; that, however, from available facts, it would appear that Samarin had taken the decision of his own free will; and he read from the newspaper the statement of the Deputy Commissioner of Police in New York to the effect that the police were looking into every aspect of the case, after a 45-minute talk with the Soviet Consul General.

The Soviet Ambassador in closing the interview said he wanted to mention the fact that Mr. Samarin had been wounded in the head during the war and that he therefore could not be held fully responsible for what he said, particularly as he had been subjected to pressures and threats in order for him to do so. He said because of this Mr. Samarin was in a highly nervous condition, and after his experience in this case he might make statements which he did not fully believe. He reiterated his demand that the Consul General be placed in touch with the Samarins and that they be turned over to his protection.

CHARLES E. BOHLEN

311.6115/8-948

The Embassy of the Soviet Union to the Department of State

Translation

No. 143

The Embassy of the Union of Soviet Socialist Republics presents its compliments to the Department of State and has the honor to communicate the following:

On July 31, 1948 the sudden disappearance of the Soviet citizens Oksana Stepanovna Kasenkina, 51, a teacher by profession, and Mikhail Ivanovich Samarin, 40, a teacher by profession, with his wife Klavdia Mikhailovna Samarina and their children Tatiana, Elena, and Vladimir, was discovered. It must be pointed out that all the afore-said persons were ready to depart from the U.S.A. for the Soviet Union on the steamship *Pobeda* on July 31 and had all the necessary official documents and passage tickets. However, for reasons unknown at that time, Kasenkina and Samarin with his family did not come to the steamship *Pobeda* at the moment of its departure, nor were they in the apartments occupied by them as has been subsequently ascertained.

On August 6 of this year Y. M. Lomakin, Consul General of the U.S.S.R. at New York, received a letter from O. S. Kasenkina in which she implored him to snatch her from the hands of the organization—the so-called “Tolstoy Fund”, to whose farm the “Reed Farm,” Valley Cottage 4, she had been forcibly carried from her apartment on July 31 of this year.

On the following day the Consul General of the U.S.S.R. at New York went to the address indicated by Kasenkina and, with his assistance, O. S. Kasenkina left the farm. In this connection it should be noted that the heads of the organization, A. L. Tolstaya and M. A. Knutson, attempted to detain Kasenkina by force in spite of her categorical statement to them that she wished to leave with the Consul General and did not want to remain at the farm.

As O. S. Kasenkina has reported, the members of the organization, which is headed by A. Tolstaya and M. Knutson, kept after her long before the day of her departure for the Soviet Union, trying to induce her by intimidation and threats not to return to her Fatherland. In this connection they did not even stop at applying a narcotic injection with the obvious purpose of weakening her consciousness and will. On the day of Kasenkina's intended departure for the Fatherland, members of this organization carried her away from her apartment to the farm mentioned above and forcibly kept her there. During Kasenkina's stay on the farm from July 31 to August 6, 1948, A. Tolstaya continued to intimidate Kasenkina and demanded that she write slanderous articles against her Fatherland, but Kasenkina rejected these base demands.

According to available information, M. I. Samarin and his family were also forcibly carried away from his apartment 3-B, 214 West 140th Street, New York, to the Kessel farm in the State of New Jersey on the night of July 30-31 by members of the same organization.

As is evident from communications of the American press of August 9, M. I. Samarin, after a week's stay at the Kessel farm, was turned over to the Federal Bureau of Investigation by the organization headed by Tolstaya.

The above-described cases of kidnaping of the Soviet citizens O. A. Kasenkina and M. I. Samarin and his family, as well as a number of other cases in connection with which the Embassy duly corresponded with the Department of State, bear witness to the fact that the organization headed by Tolstaya is systematically carrying on activities hostile to the Soviet Union, not stopping at the forcible seizure of Soviet citizens with the acquiescence of certain government agencies of the U.S.A., which must be well aware of the activities of the organization—the so-called “Tolstoy Fund”. In this connection the statement of

A. L. Tolstaya to representatives of the press on August 8¹ of this year merits attention; from this statement it is clear that the so-called "Tolstoy Fund" has at its disposal an "underground" organization, the activities of which are directed toward preventing the return of Soviet citizens to their Fatherland and which in such activities resorts to conspiratorial methods.

The Embassy of the U.S.S.R. in the U.S.A. considers that the attitude of the government agencies of the U.S.A. toward the above-mentioned criminal activities of the so-called "Tolstoy Fund" constitutes a direct violation of the obligations assumed by the Government of the U.S.A. on the basis of the exchange of letters of November 16, 1933 between the People's Commissar for Foreign Affairs of the U.S.S.R., M. M. Litvinov, and the President of the U.S.A., F. D. Roosevelt.²

On instructions from the Soviet Government the Embassy of the U.S.S.R. in the U.S.A. strongly protests the forcible seizure of the Soviet citizens O. S. Kasenkina and M. I. Samarin and his family by members of the "Tolstoy Fund" organization, as well as the toleration by government agencies of the U.S.A. of the criminal activities of this organization, which are clearly directed against the U.S.S.R. and which consist particularly in the prevention, by any forcible means, of the return of Soviet citizens to their Fatherland and in attempts to use them for purposes inimical to the Soviet Union.

The Embassy of the U.S.S.R. in the U.S.A. expects that measures will be taken by the Government of the U.S.A. for the immediate release of M. I. Samarin and his family and for their transfer to the protection of the Consulate General of the U.S.S.R. at New York until their departure for the Fatherland and insists on the discontinuation of activities of the so-called "Tolstoy Fund", which are incompatible with the obligations assumed by the Government of the U.S.A. with respect to the Soviet Union.

WASHINGTON, August 9, 1948.

¹ *New York Times*, August 8, 1948, p. 48.

² *Foreign Relations, The Soviet Union, 1933-1939*, pp. 28-29.

311.6115/8-1248: Telegram

The Ambassador in the Soviet Union (Smith) to the Secretary of State (Marshall)

SECRET URGENT

Moscow, August 12, 1948—1 p. m.

1592. Following is translation of Soviet protest reported mytel 1590, August 12:¹

On the 31st of July a group of Soviet citizens were to have sailed from New York on the ship *Pobeda* to the Soviet Union, among whom were the teachers of the Soviet school in New York, O. C. [S] Kasyenkina and M. I. Samarin with his wife K. M. Samarin and three small children, Tatiana, Elena, and Vladimir. The above-mentioned Soviet citizens did not appear up to the moment of the departure of the ship although they had previously paid for their tickets and had sent their baggage on to the ship. From information obtained it was revealed that the persons mentioned were not in their apartments, that Kasyenkina had left her apartment on the morning of the 31st and Samarin and his family during the night of the 30th to 31st of July.

Not until a week after the disappearance of Kasyenkina did the Soviet Consul in New York, Y. M. Lomakin on the sixth of August by chance receive from her a note in which she stated that she was in the environs of New York on the Reid [Reed] farm belonging to a bandit-White guard organization under the name of "Tolstoy Fund." In her note Kasyenkina requested the Soviet Consul to save her from the hands of the organization which by all kinds of threats and intimidations had tried to force her to refuse to return to her fatherland and to publish in the press a statement hostile toward the Soviet Union.² Going to the address cited in the letter the Soviet Consul in New York actually discovered there Kasyenkina who expressed the desire to proceed immediately with him to the Soviet Consulate. In spite of this, the bandits from the organization "Tolstoy Fund" living on the farm tried forcibly to prevent Kasyenkina from leaving, which, however, they did not succeed in doing.

On August 7, at a press conference in the Consulate Kasyenkina stated that for a week she had been followed by unknown people of this kind, one of whom called himself Doctor Korzhinski and the other Leo Costello,³ who had tried by way of threats and violence to induce her to refuse to return to her country. In so doing, Costello even resorted to violently administering a narcotic substance to Kasyenkina, clearly with the purpose of weakening her will to oppose him. On the

¹ Ambassador Walter Bedell Smith had reported in this telegram from Moscow on August 12 at 1 a. m., that Vyacheslav Mikhailovich Molotov, Minister for Foreign Affairs of the Soviet Union, called him to the Foreign Office at midnight, August 11-12, to read him a "vigorously worded protest" about the alleged kidnapping of the Russian school teachers. The Ambassador "categorically denied the allegation that the U.S. Government or any of its agencies was in any way involved in illegal acts, that I could assure him that full and public investigation would be made, followed by criminal or legal proceedings, if warranted, against any violators of U.S. law" and that the school teachers would have their travel facilitated, if they desired to return to the Soviet Union. (311.6115/8-1248)

² Concerning this letter see footnote 12, p. 1027.

³ Not identifiable.

morning of the 31 July, Kasyenkina was abducted by the chauffeur of a car in which the above-mentioned Korzhinski visited her on this day. This machine delivered Kasyenkina to Riverside Drive, to the apartment of a White Guard Zenzinov, from which place she was transferred to Reid [*Reed*] farm. At the time of her arrival at this farm, Kasyenkina heard from a member of a White Guard band called the "Tolstoy Fund," Alexandra Tolstoy, that Samarin and his family also were there not far away.

According to a statement of the New York correspondent of the United Press, Alexander Tolstoy confirmed to this correspondent the share of her organization in the abduction of Samarin.

On the 10th of August Under Secretary of State Lovett corroborated to the Soviet Ambassador in Washington that Samarin had been made subject to examination by the Federal Bureau of Investigation * which thus is found to be connected with the organization which kidnapped Samarin, his wife and three children.

Supplementary to the statement made by the Soviet Ambassador in Washington, I, on instructions from the Soviet Govt. register protest against the toleration on the part of the authorities of the USA, of the criminal acts set forth above with regard to the Soviet citizens, Kasyenkina, Samarin and his family. The Soviet Government insists on the immediate release of Samarin and his family, on their surrender at once for return to their country to the General Consulate of the USSR in New York and also on the punishment of all persons who have taken part in the kidnapping of Soviet citizens.

SMITH

* See the memorandum of conversation dated August 9, p. 1030.

702.05/8-1248

The Embassy of the Soviet Union to the Department of State

Translation

No. 147

The Embassy of the Union of Soviet Socialist Republics presents its compliments to the Department of State and has the honor to communicate the following:

On August 11, 1948 the Consul General of the USSR in New York received a writ¹ from a Justice² of the Supreme Court of the State of New York to deliver to the court of the Borough of Manhattan of the City of New York at 10:30 a. m., August 12, 1948, Oksana Stepanovna Kasenkina, who allegedly was detained and is being imprisoned.

¹ This writ of habeas corpus was applied for by Peter W. Hoguet, the attorney for the anti-communist organization Common Cause, Inc. It was handed to Consul General Lomakin on the steps of the Consulate General of the Soviet Union in New York on the afternoon of August 11 by Christopher Emmet, the Chairman of the Board of Common Cause, Inc.

² Justice Samuel Dickstein.

The Embassy of the Union of Soviet Socialist Republics must first of all call the attention of the Department of State to the fact that the entirely inadmissible assumption contained in this document to the effect that the Consul General of the USSR could detain and imprison a citizeness of the country which he represents is incompatible with the dignity of a Soviet Consulate, the necessity for the observance of which derives from international customs and the norms of international law.

Moreover, the delivery of said writ to the Consul General is in complete contradiction with those rights and privileges which Consulates of foreign states enjoy and should enjoy. The judicial organs of a country in which a Consul resides may not impose upon him obligations to secure the appearance in court of citizens of the country which he represents and in general any obligations whatsoever which do not relate to him personally but are in connection with his official activity.

Apart from this, the demand of the Justice could not be executed by the Consul General as he does not have the right and the possibility to compel O. S. Kasenkina—a free citizeness of the Soviet Union—to appear in a court of the State of New York.

While reserving the right to return to the question of the above mentioned fact, the Embassy of the USSR in the USA requests the Department of State to direct an appropriate communication to the Supreme Court of the State of New York, namely to the Special Session, which should take place on August 12 in the Borough of Manhattan of the City of New York.

WASHINGTON, August 12, 1948.

800.00 Summaries/8-1248 : Telegram

The Secretary of State to the Embassy in the Soviet Union

RESTRICTED

WASHINGTON, August 12, 1948—6 p. m.

940. Questioned at press conference re alleged "abduction" of Sov teachers Samarin and Mrs. Kosenkina (see Wireless Bulletin 188 Aug 10) Secy made statement as follows:¹ We have not yet all details of what transpired; we expect to have that data shortly and until that is obtained cannot make more specific statement. (Infotel) There can be no question but this govt will not countenance any action which interferes with diplomatic immunity of Sov officials and certain Sov premises. Sov Amb's request on us was based on incorrect info, to wit that Samarins are being held under control, which is not the case. We have complication in relation to position taken by Sov Amb where our law is one thing and Sov law is another as applied in this particular case and of course our law will dominate situation in this country. If there is any criminal act involved our govt will see that proper cognizance is taken of that. If the individuals comply with our laws they are assured of freedom and protection of this govt.

¹ *New York Times*, August 12, 1948, p. 5.

Press reports following developments: Subpoena by House Committee on Un-American Activities handed to Samarin and his wife.² Samarin issued statement that he was placing himself under protection US govt and public opinion and that he wants to tell all he knows about totalitarian practices of Sov dictatorship and conditions of life of Russian people.³ Sov Consul General New York served with writ of habeas corpus directing him to produce Mrs. Kosenkina in New York State Supreme Court. Writ obtained by Chairman of Board of Common Cause Inc. Consul General said he will not produce teacher nor appear in court.

Dept reed note from Sov Emb stating that writ by New York Supreme Court is in complete contradiction with rights and privileges of consulates of foreign states; that judicial organs of country in which consul resides may not impose on him obligations to secure appearance in court of citizens of country he represents and that writ could not be executed by Consul General as he does not have right and possibility of compelling "free citizeness" of USSR to appear in New York court.

Mrs. Kosenkina jumped from window of Sov Consulate General today and is reported at Roosevelt Hospital with two Sov guards.⁴

MARSHALL

² The subpoena was handed to Samarin by prearrangement on a street in New York by Stephen W. Birmingham, a representative of the Un-American Activities Committee, shortly before noon on August 10. He also accepted one for his wife. At 10:45 a. m., on August 12, Samarin left with Special Agent McKillup of the Committee from LaGuardia airfield to appear before the Committee in Washington at a closed session. Mrs. Kasenkina was also served with a subpoena in the Roosevelt Hospital on the morning of August 14 by Robert E. Stripling, the Chief Investigator for the Un-American Activities Committee. Both had welcomed service of the subpoenas which had placed them under the protection of the United States until they had testified.

³ Soon after accepting service of the subpoena on August 10, Samarin corroborated his original statement of August 8 in an interview with a reporter on a bench in Central Park. That night he came to the office of the *New York Times* where he made a supplementary statement. See the *New York Times*, August 11, 1948, pp. 1, 2.

⁴ This inaccuracy was corrected in telegram 946 to Moscow on August 13 at 7 p. m., not printed (800.00 Summaries/8-1348). The New York city Police Department had assigned an adequate number of detectives with a police woman inside the hospital room to guard Mrs. Kasenkina.

Editorial Note

About 4:20 p. m., on August 12, 1948, Mrs. Oksana Stepanovna Kasenkina jumped from a third floor window of the Consulate General of the Soviet Union at 7 East 61st Street in New York city where she was being held. Mrs. Kasenkina was removed to Roosevelt Hospital, having sustained serious injuries, including multiple fractures of the right leg and internal injuries.

This incident and the developments connected with it were abundantly described in the public press, with particularly extensive coverage in the *New York Times*. Certain lengthy reports and transcripts by the New York city police, filed under 702.6111/8-1648 but not reprinted here, supply direct evidence on this and associated events:

1. Report from the Commanding Officer, Detective Bureau, Manhattan West, dated August 12, 1948 and signed by Edward Mullins, Deputy Chief Inspector. This deals with the disappearance of the Samarin family, Mrs. Kasenkina, and events between July 29 and August 12, 1948.

2. Report from the Commanding Officer, Detective Bureau, Manhattan East, dated August 12, 1948 and signed by Conrad H. Rothen-gast, Deputy Chief Inspector. Here are described Mrs. Kasenkina's jump from the window, some of the injuries she sustained, and about the inspection by police of some rooms on the third floor of the consulate building at the invitation and in the company of Consul General Lomakin.

3. Report on the removal of Mrs. Kasenkina to Roosevelt Hospital, from the Commanding Officer, 24th Squad, dated August 13, 1948, signed by Thomas J. Curley, Lieutenant, with the transcript of her interrogation at the hospital on the night of August 12.

4. Copy of the interview on August 13, 1948, 11:10-11:14 a. m., between Mrs. Kasenkina and the Vice Consul of the Soviet Union Zot Ivanovich Chepurnykh, from the Commanding Officer, Detective Bureau, Manhattan West, signed by Edward Mullins, Deputy Chief Inspector.

5. Transcript of the Statement by Mrs. Kasenkina at Roosevelt Hospital on August 13, 1948, 6:02-6:50 p. m., to Inspector Michael J. Ledden, Special Office Squads, concerning her letter of August 5 from Reed Farm, her stay in the Consulate General of the Soviet Union in New York, and on being instructed what to say to the press.

311.6115/8-1348: Telegram

The Ambassador in the Soviet Union (Smith) to the Secretary of State (Marshall)

CONFIDENTIAL

Moscow, August 13, 1948—6 p. m.

1615. Our handling of alleged "abduction" cases of two Soviet school teachers demonstrates we still have a long way to go in terms of tempo and efficiency before we can meet these people in the propaganda field. While all of the elements of this case appeared to give us an immediate opportunity to expose the inquisitorial terror of this police state, I was obliged this morning to hear over BBC only the fantastic

Soviet corruption of this story.¹ Their version, which is published in all Soviet papers this morning and was broadcast by Radio Moscow during the night, is in the form of an official Soviet communiqué, containing the text of Molotov's protest handed me Wednesday² midnight (Embtel 1592, August 12) plus the following misleading excerpts from my response: "Mr. Smith promised to bring to the attention of the Government of the United States the declaration of the Soviet Government and assured Mr. Molotov that a strict investigation of the facts set forth in that declaration would be undertaken by the American authorities." Note that this omits categorical denial of any official involvements US authorities, as alleged by Molotov (Embtel 1590, August 12),³ and implies that we accepted as "facts" the absurdities in the Soviet document.

This case is now some days old. We received no official word about it until Deptel 940 arrived this morning, although it could be assumed from the beginning that Soviet Government would build it up; that probable Soviet retaliation would eventually jeopardize Embassy's non-diplomatic staff (they were warned of this danger Wednesday morning); and that we would be called on to deal with case here.

It seems to me we should do better than this. Part of blame belongs to me, as I should have sounded a note of warning as soon as the matter was first mentioned on radio. But we have been swamped—realize that Department is, too—and probable Soviet tactics in any given case should now be as easy to estimate at home as they are here. We cannot of course control what is printed in *Pravda*, but with 30 hours notice we should have been able to reach friendly organs like BBC, if not before, at least on the heels of the Soviet release.

SMITH

¹ Ambassador Smith reported in telegram 1606 on August 12 that the Soviet press had sprung the school teachers "abduction" story in three columns of Tass (Telegraph Agency of the Soviet Union) despatches, and that there was a one column editorial in *Pravda* (811.42700 (R)/8-1248). He further stated in telegram 1619 on August 13 that the Soviet press editorials continued to condemn the "abductions." (800.9111 WR/8-1348) Later on, however, he indicated in telegram 1712 of August 22 that the further developments in the Kasenkina case were being ignored in the Soviet press (311.6115/8-2248).

² August 11.

³ Not printed; but see footnote 1, p. 1035.

311.6115/8-1448: Telegram

The Secretary of State to the Embassy in the Soviet Union

SECRET

WASHINGTON, August 14, 1948—4 p. m.

948. For Smith from Lovett. Soviet Ambassador Panyushkin called this morning regarding Kosenkina, who is now in Roosevelt Hospital, New York City, under police guard. Soviet Ambassador asserted

Lomakin, Soviet Consul General, was refused permission by police to accompany Kosenkina to hospital in ambulance and that four New York police officials forced their way into Consulate (subsequently, he admitted officials were invited in), searched Kosenkina's room and took away some papers from her suit case.

Soviet Ambassador maintained these actions illegally obstructed performance of duty by Consul General and violated "extra territorial" status of Consulate. Ambassador also protested that Consul General had not been permitted to see Kosenkina at hospital.¹ He demanded that Soviet Consul be permitted to post 24 hour guard at hospital, that Kosenkina be placed under Consul's "protection", that she be given medical care prescribed by Consul, and that she be moved to any place designated by Consul.

Ambassador was told Dept would request police report concerning alleged entry and search of Consulate. With respect to demand that Kosenkina be placed under protection of Consul, the Ambassador was told Kosenkina had been permitted to see whomever she requested to see, that if she desired to see Soviet Consul, he could see her. Dept made clear to Ambassador that Kosenkina was not under arrest, was not being detained against her will, and when her physical condition permitted, she was free to see whom she liked and go where she pleased. Ambassador was also told that in fact Soviet Vice Consul Chepurnykh was permitted to interview her even though she had not requested such interview, that she accused the Vice Consul of having kept her as a prisoner, rejected his offer to have her moved and requested him to leave, which he did. Soviet Ambassador was advised Dept would not place her under control of any person against her own wishes or move her against her wishes. Ambassador at first denied accuracy of reported interview with Chepurnykh and intimated that she was not speaking of her own free will. When confronted with newspaper account of interview,² at which was present a Russian speaking New York detective, Ambassador said he would obtain another report from Chepurnykh concerning interview.

With respect to Soviet note (urtel 1592, Aug 12) Soviet Ambassador repeated request that alleged kidnapping of Kosenkina to Ried [Reed] Farm be investigated and guilty persons punished. Dept. pointed out that Consul General had not aided police in investigation of case thus far, had refused to turn over letter allegedly written to

¹ The Department had already advised Ambassador Smith in its telegram 946 of August 13, not printed, that Vice Consul Chepurnykh had been allowed to tell Mrs. Kasenkina that Consul General Lomakin wished to visit her. (800.00 Summaries/8-1348) According to the police report of this conversation Mrs. Kasenkina had declared: "I don't want to see you or talk to you or anyone else." (702.6111/8-1648)

² See *New York Times*, August 14, 1948, p. 1.

Consul General by Kosenkina from Ried [*Reed*] Farm and had not permitted police to interview her while she was in Consulate. Soviet Ambassador replied that letter was personal property of Consul General and that it was not necessary to release it because at press conference at Consulate, Kosenkina had stated circumstances of her alleged kidnapping and forcible detention at Ried [*Reed*] Farm. For same reason Soviet Ambassador said it was unnecessary for police to interview Kosenkina at Consulate. Dept pointed out difficulty created by obstruction of investigation of serious criminal charges of this nature.

Soviet Ambassador stated he would instruct Lomakin again to demand right to see Kosenkina and if such request is made Dept has arranged with New York police to permit him to see her if medical authorities believe her condition permits interview, and if she agrees to see him.

Kosenkina has in meantime been interviewed by New York police. She denies that in her letter to Lomakin she said she had been kidnapped or was being held against her will, and states that she had departed from Ried [*Reed*] Farm with Consul's party voluntarily, although frightened, that she had been held in Consulate under restraint and observation and had not been permitted to communicate with any one. Kosenkina further states that Aug 7th press conference in Consulate was held without her request and that she had been told what to say to the press. She says also that Ambassador Panyushkin visited her at Consulate, which Panyus[h]kin admitted this morning.

Throughout discussion and emphatically at end thereof, Soviet Ambassador maintained right of Soviet Consul to see and, irrespective of their wishes, to take charge of Soviet citizens here. He said that Kosenkina had no right to refuse to see Consul. We cited McMillan case³ evidencing Soviet view. Department of course rejected idea of control, drawing distinction between Consul's right to protect Soviet citizens and asserted right to control them against their desire. It was pointed out this was particularly necessary in this case in light of her statement that she had been forcibly held in the Consulate and that she had escaped by jumping from window. As in prior discussion at Dept,

³ Sergeant James M. McMillin, Jr., was a youthful army cryptographer on duty in the military attaché's office in the Embassy in the Soviet Union. When due to return to the United States after May 15, 1948, he informed Ambassador Smith by letter that he chose to remain in the Soviet Union. In note No. 310 of May 22 to the Ministry of Foreign Affairs the Embassy requested that an interview with McMillin would be arranged in order that an Embassy officer could obtain his special passport and deliver a message from his father. The first response came directly from McMillin by a letter of May 31, wherein the special passport was enclosed and the statement was made that he did not wish to meet with an Embassy representative. Only in its note No. 95 of June 5 did the Foreign Ministry reply that it possessed information that McMillin did not wish to meet with a representative of the Embassy. No meeting was arranged. Documentation regarding this case is filed under 121.5461.

Ambassador repeatedly accused FBI and police officials of coercing Kosenkina and Samarin, which charge was again flatly denied by Dept.

Investigation of New York police authorities still continues. Difficult to foresee outcome out of welter of present confusion and contradiction. Dept is in close touch with local authorities concerned and further information will be sent to you as case develops. Matter will be handled here with Soviet Embassy and you may advise FonOff accordingly. [Lovett.]

MARSHALL

702.05/8-1448

The Embassy of the Soviet Union to the Department of State

Translation

No. 148

The Embassy of the Union of Soviet Socialist Republics presents its compliments to the Department of State and has the honor to communicate the following.

On August 12, 1948 at 4:20 p. m., two New York City policemen, taking advantage of the fact that employees of the Consulate General had opened the door to the yard of the building occupied by the Consulate General, into which O. S. Kasyenkina had jumped from a window, arbitrarily burst into the interior of the building of the Consulate General. At 4:30 p. m., four New York police inspectors, with Assistant Chief Inspector of Police, Conrad Rotingast [*Rothengast*], at their head, arrived at the Consulate General seeking an explanation of the circumstances of Kasyenkina's attempt at suicide from the Consul General, Y. M. Lomakin. However, instead of engaging the Consul General in conversation, the police inspectors, in spite of his protest, forcibly grabbed and took with them a personal letter of Kasyenkina's which was in her personal suitcase.¹ These same persons attempted to make a search of Kasyenkina's room and conduct an interrogation of employees of the Consulate General.

By such actions the representatives of the New York police authorities have violated the extraterritoriality of the building of the Consulate General of the USSR in New York, the inviolability of which

¹This short, second letter dated June 10, 1948, had been written by Mrs. Kasenkina to a close personal friend, Varvara Markovna Panchenko, in Moscow. A photostatic copy of this letter is on file under 702.6111/9-2048. In an interview on September 9, 1948, at the Roosevelt Hospital with officers of the New York city Police Department, Mrs. Kasenkina recognized from the photostatic copy that she had written the letter. She stated that she had left it on a table in her apartment, having neglected to mail it. (702.6111/9-1048) See also footnote 1, p. 1049.

stems from international practice and the rules of international law. In connection with the above, the Embassy of the USSR in the USA enters a protest with the Department of State against the violation of the extraterritoriality of the building of the Consulate General of the USSR in New York by representatives of US authority and insists that the persons guilty of this violation be brought to account. The Embassy of the USSR in the USA insists likewise that the persons who allowed as well the other illegal activities mentioned above be brought to account. The Embassy of the USSR in the USA hopes that the Department of State will undertake measures for safeguarding the Consulate General in the future from illegal acts of the New York police authorities and will guarantee the extraterritoriality of the building of the Consulate General of the USSR in New York.

WASHINGTON, August 14, 1948.

311.6115/8-1348 : Telegram

The Secretary of State to the Embassy in the Soviet Union

SECRET

WASHINGTON, August 17, 1948—5 p. m.

959. Regret delay in informing you developments in cases of Soviet teachers Emtel 1615 Aug 13, 6 pm. From outset press handling of this matter here has clearly revealed the evidence of Soviet methods. An accurate account of your conversation with Molotov widely published in Am press. While we regret initial BBC handling of story we believe that real significance of this incident is now well understood both here and abroad.

For ur info investigation of Kosenkina and Samarin cases continuing, although Kosenkina's physical condition makes difficult obtain her full story of trip to Consulate and circumstances of her stay there. We contemplate replying here to Molotov's note as well as those received from Soviet Emb.¹

MARSHALL

¹ See note of August 19, p. 1045.

311.6115/8-1848

The Legal Adviser of the Department of State (Gross) to the Honorable Samuel Dickstein, Justice of the Supreme Court of New York

WASHINGTON, August 18, 1948.

MY DEAR MR. JUSTICE: Pursuant to our conversation this morning, I respectfully transmit to you the position of the United States Government concerning the status of Mrs. Oksana Stepanova Kosenkina,

who is the subject of an application for a writ of habeas corpus now pending before your court.¹

It is the view of the United States Government that there is no basis under international law or under any law of the United States for considering that Mrs. Kosenkina is in any manner subject to the control or authority of the Soviet Government so long as she remains in this country. The Department of State already has advised the Soviet Embassy that Mrs. Kosenkina will not be placed under control of any person against her own will. The Department has also advised the Soviet Embassy that although it recognizes the right of the Soviet Government, through its officials abroad to extend all proper assistance and protection to Soviet nationals, this right does not include authority to take charge of Soviet citizens in this country irrespective of their wishes.

Sincerely yours,

ERNEST A. GROSS

¹ The writ had been served on Consul General Lomakin on August 11, 1948; see footnote 1, p. 1036. A hearing had been held in court on August 12 before Justice Dickstein, where detailed testimony about the disappearance and whereabouts of the Russian school teachers was given by participants. At its close the Justice reserved decision pending further inquiries. He announced that he had received a message from Lomakin requesting time to confer with Ambassador Panyushkin, and furthermore the Justice himself desired to communicate with the Department of State because of the international ramifications involved, and in order to determine the diplomatic status of the persons. (702.6111/8-1648) A copy of the Stenographic Record of the hearing on August 12, 1948, in New York Supreme Court, Special Term, Part II, is filed under 702.6111/8-1248. Justice Dickstein dismissed the summons following later developments; see *New York Times*, August 21, 1948, p. 1.

702.6111/8-1948

*The Department of State to the Embassy of the Soviet Union*¹

The Department of State refers to the notes No. 143 of August 9, 1948, and No. 148 of August 14, 1948 of the Embassy of the Union of Soviet Socialist Republics and to the note which Mr. Molotov handed to Ambassador Smith in Moscow on the night of August 11, 1948 with reference to Mrs. Oksana S. Kasenkina and to Mikhail I. Samarin, his wife and three children.

In these communications and in the representations which the Ambassador has made to the Under Secretary of State, as well as in state-

¹ A memorandum of August 19, 1948 by John D. Hickerson, Director of the Office of European Affairs, explained that this note was intended to be sent to Ambassador Panyushkin at 6 p. m., and to be made public at 10 a. m., the following morning. Because it was stated in the last sentence that the President was being requested to revoke the exequatur issued to Consul General Lomakin, Under Secretary of State Robert A. Lovett was asked to make certain that the President was agreeable to this action. A notation reads: "Cleared with the President 5:20 P. [M.] Aug. 19th. L." (702.6111/8-1948) The note was sent to the Embassy in the Soviet Union in telegram 973 on August 19, 6 p. m. (311.6115/8-1948) It was printed in the Department of State *Bulletin*, August 29, 1948, pp. 251-253.

ments which have been made to the press by the Ambassador and Mr. Jacob Lomakin, the Soviet Consul General in New York City,² charges of the most serious nature are made not only against individuals in this country, but also against the Government of the United States and state and federal officials. The reports of the investigation being made by the competent United States authorities which have been received by the Department of State not only clearly demonstrated that these charges are unsubstantiated, but also indicate that officials of the Soviet Government have been engaged in conduct which is highly improper. The United States Government must categorically reject the charges and insinuations contained in these notes which have been found to be at complete variance with the facts. In this connection the Department of State desires to inform the Embassy of the Union of Soviet Socialist Republics as follows:

Mikhail I. Samarin

According to reports of the investigation made by the competent authorities Mikhail Samarin voluntarily appeared at the office of the Federal Bureau of Investigation in New York and stated he did not wish to return to the Soviet Union but desired to remain in the United States. After making this statement he left the office of the Federal Bureau of Investigation without leaving an address. He then made a statement to *The New York Times*, which was published in that newspaper on August 10, 1948,³ corroborating his statement to the Federal Bureau of Investigation. It is clear that Mr. Samarin is acting on his own volition, and that he is free to get in touch with the Soviet Consulate General or the Soviet Embassy at any time he wishes. No information has been produced to substantiate the allegation contained in the Embassy's note of August 9 that Mr. Samarin and his family were forcibly removed from their apartment.

In the note which Mr. Molotov handed to Ambassador Smith on August 11, it was stated:

On the tenth of August Under Secretary of State Lovett corroborated to the Soviet Ambassador in Washington that Samarin had been made subject to examination by the Federal Bureau of Investigation which thus is found to be connected with the organization which kidnapped Samarin, his wife and three children.

The Ambassador will recall that on the occasion referred to the Under Secretary merely read a press clipping to the effect that Mr. Samarin

² For remarks made by Ambassador Panyushkin at his rare press interview held after his meeting on August 9 with Under Secretary of State Lovett, see *New York Times*, August 10, 1948, p. 1. Consul General Lomakin had reiterated earlier charges in a statement to the press, the text of which was printed in full in the Soviet press and in the *New York Times*, August 17, 1948, p. 3.

³ The statement was made to the *New York Times* on August 10, and was published on August 11, 1948, pp. 1, 2. See footnote 3, p. 1038.

had voluntarily visited the New York Office of the Federal Bureau of Investigation.⁴ This information does not in any way support the allegation that there is any connection between the organization referred to in the Soviet Government's note as the Tolstoy Fund (presumably Tolstoy Foundation) and the Federal Bureau of Investigation, and this Government must categorically deny that any such connection exists. Moreover, this Government has no information which would justify the statement that the Tolstoy Foundation is engaged in criminal activity as alleged in the Embassy's note.

Oksana S. Kasenkina

The reports of the competent United States authorities show that Oksana Kasenkina on July 29, 1948 informed the editor of a Russian language newspaper in New York City that she did not wish to return to the Soviet Union. Through him arrangements were made for her to go to Reed Farm, Valley Cottage, New York which she did in a public autobus on July 31. According to her own statements, which are corroborated by the testimony of a number of persons, she went to the Farm voluntarily and stayed there of her own free will. She has stated that she wrote to the Soviet Consul General in New York informing him where she was but she denies stating that she was kidnapped. The full text of her letter has never been made available to the competent United States authorities although its production would have facilitated investigation of the charges made in the Embassy's note and it would be appreciated if a photostatic copy were furnished to this Department. This Department would also like to receive a photostatic copy of the letter which the New York police authorities found in Mrs. Kasenkina's room at the Consulate General and which was returned to the Consulate General unopened after it was ascertained that she had jumped from a window of the Consulate.

Mrs. Kasenkina has further stated that the interview which she gave to the press on August 7 was arranged by the Consulate General and that she was instructed to make false statements to the effect that she had been kidnapped.

Mrs. Kasenkina was interviewed at the hospital by Vice Consul Chepurnykh. As the Ambassador was advised on August 14, should she desire to see any other Soviet official she is completely free to do so but this Government will not compel her to do so nor will it turn her over against her will to the Soviet authorities. This Government recognizes the right of Soviet officials in the United States to take appropriate measures for the protection of the rights of Soviet citizens. Such Soviet citizens are, however, themselves entitled to the protection

⁴ See the memorandum of conversation by the Counselor of the Department of State Charles E. Bohlen, dated August 9, p. 1030.

of the applicable laws of the United States and the Government of the United States cannot permit the exercise within the United States of the police power of any foreign government.

With reference to the Embassy's note of August 14, 1948 complaining of actions of the New York police authorities, this Department is informed that after Mrs. Kasenkina had jumped from a window of the Consulate General on August 12, Consul General Lomakin agreed to the suggestion of police officers that they inspect Mrs. Kasenkina's room, as well as the room from which she jumped. This inspection was carried out in the presence of the Consul General. In view of the circumstances, the Department of State considers the actions of the New York police authorities entirely proper.

From the foregoing it appears that the representations of the Soviet Government in regard to these cases have been based upon misinformation. In this connection the reports submitted to the Department of State show that the Soviet Consul General in New York, Mr. Y. I. [M] Lomakin, after having made statements which were the basis of the serious charges against this Government and its officials, hindered the investigation of the competent police officials by refusing to allow them to interview Mrs. Kasenkina. This action was the more serious in view of the subsequent statements by Mrs. Kasenkina to the effect that she jumped from the window of the Consulate General in order to avoid having to return to the Soviet Union. In addition to the statement made by Mrs. Kasenkina that she was compelled to make in a press interview false statements which had been dictated to her, the Consul General has himself made or issued statements to the press which, in view of all the evidence available, the Department of State can only conclude were deliberately designed to mislead the American public in regard to a serious charge involving the United States Government. The United States Government considers that Consul General Lomakin's conduct constitutes an abuse of the prerogatives of his position and a gross violation of the internationally accepted standards governing the conduct of foreign officials. The Department of State is therefore requesting the President to revoke the exequatur issued to Consul General Lomakin, and it is requested that he leave the United States within a reasonable time.

WASHINGTON, August 19, 1948.

311.6115/8-2448

*The Ambassador of the Soviet Union (Panyushkin) to the Secretary
of State*

Translation

[No. 156]

In reply to the note of the Department of State of the U.S.A. dated August 19 concerning the case of O. S. Kasenkina and M. I. Samarin, the Embassy of the U.S.S.R. states that the Soviet Government considers the assertions contained in the aforementioned note as unfounded and not in accordance with the facts.

Passing over the facts stated in the declarations of the Soviet Government and its representatives, the note of the Department of State not only does not contribute to a clarification of the obscure points in the case of the kidnapping of O. Kasenkina, M. Samarin, and the latter's wife and three young children, but only hinders the clarification of this case and the part taken therein by various persons and agencies. Hence the Government of the U.S.S.R. rejects the unfounded statements of the Department of State regarding the officials of the Soviet Government and considers that the actions and statements of the Soviet Government and its official representatives in the U.S.A. in the case of Kasenkina and Samarin are in full accord with the legitimate interests of the Soviet Union in defending its citizens against criminal encroachments upon their freedom and civil rights.

The Government of the U.S.A. has at its disposal a sufficient amount of information, including that contained in the notes of the Embassy of the U.S.S.R. of August 9 and 14 and in the statement of the Ministry of Foreign Affairs of the U.S.S.R. of August 11, confirming the facts of the kidnapping of O. S. Kasenkina and M. I. Samarin, the participation in this case of the bandit white guard organization, the "Tolstoy Fund", and the connection of the Federal Bureau of Investigation of the U.S.A. with this case.

As to Kasenkina, both her letter of August 5 from the "Reed Farm" to Consul General Y. Lomakin and her letter to relatives of June 10 of this year (photostat copies of which were placed at the disposal of the Department of State¹ in accordance with its request), as well as a voluntary statement made by her at a press conference before numerous correspondents of American newspapers on August 7 on which occasion she reported her abduction, sufficiently prove the unlikelihood of assertions to the contrary. In as much as Kasenkina is now being

¹ Photostatic copies of these two letters were received from the Embassy of the Soviet Union in its note No. 155 of August 24, 1948, not printed (311.6115/8-2448). This was the origin of the possession of texts of these letters by the United States Government.

kept in a hospital virtually under prison conditions and free communication with her by Soviet representatives is not permitted, the statements ascribed to her cannot be recognized as deserving any confidence, particularly in consideration of the serious condition of her health.

It is known from reports published in the New York press that the bandit white guard organization, the "Tolstoy Fund" headed by Aleksandra Tolstaya, is involved in the kidnapping not only of Kasenkina but also of Samarin, of whose whereabouts nothing is known. On the other hand, the Department of State's note of August 19 confirms the fact that only a few days after his disappearance M. I. Samarin was in the office of the Federal Bureau of Investigation in New York. Even on August 10th, when Edward Mullins, chief inspector of the New York Police, visited the Consulate General,² he stated to the Soviet Consul General at New York, Y. Lomakin, that Samarin was "under the protection of the Government of the U.S.A. and the Federal Bureau of Investigation". Nevertheless, up to the present time the Soviet Government has been unable to obtain any information concerning the fate of M. I. Samarin and his family.

In view of the foregoing, the Soviet Government reiterates its position and the requests stated in the aforementioned notes of the Embassy and in the statement of August 11 of the Ministry of Foreign Affairs of the U.S.S.R. to the Ambassador of the U.S.A. in Moscow and insists that the representatives of the Soviet Union in the U.S.A. be given the possibility of free and unobstructed access to Kasenkina and Samarin.

As to the accusations put forth by the Department of State against Y. Lomakin, Consul General of the U.S.S.R. in New York, to the effect that his actions allegedly represented "an abuse of the prerogatives of his position and a gross violation of internationally accepted standards", the Soviet Government rejects these accusations as completely unfounded and not in accordance with the facts. The actions of Y. Lomakin, Consul General of the U.S.S.R. in New York, were intended exclusively to protect the rights of Soviet citizens, and his statements made to representatives of the press in order to establish the truth, so grossly distorted in inspired reports of certain American press agencies, fully conform to universally accepted standards and is a direct obligation of consular representatives.

In consideration of all the above circumstances, the Soviet Government states that a situation has recently been created in the United

² This visit by Deputy Chief Inspector Edward Mullins, accompanied by Inspector Michael J. Ledden, was characterized as "part of a routine investigation" lasting 20 minutes. Upon their departure they told reporters that they "had unsuccessfully attempted to interview Mrs. Kosenkina." *New York Times*, August 11, 1948, p. 2.

States of America in which the normal execution of their functions by the Soviet Consulates in the U.S.A. has become impossible.

It is apparent from the note of the Department of State of August 19 that the Government of the U.S.A. not only does not intend to suppress those activities of the American administrative authorities whereby such a situation has been created—even to the extent of intrusion by American police into the building of the Soviet Consulate General at New York, as occurred on August 12, but on the contrary justifies such clear violations of standards universally accepted in international practice.

In view of the aforementioned circumstances, the Soviet Government has decided:

a) to close immediately both Soviet consulates in the U.S.A.—in New York and in San Francisco;³

b) in accordance with the principles of reciprocity, to consider the Consulate of the U.S.A. in Vladivostok subject to immediate closing.⁴

On the same basis to consider the agreement previously reached between the Government of the U.S.S.R. and the Government of the U.S.A. concerning the opening of a Consulate of the U.S.A. in Leningrad as having lost its validity.⁵

WASHINGTON, August 24, 1948.

³ The Ambassador of the Soviet Union had addressed a letter on January 13, 1948 to the Secretary of State in which he declared that the activity of the Vice Consulate at Los Angeles would end on January 15, and that the interests formerly served here would be transferred to the Consulate General at San Francisco (702.6111/1-1348).

⁴ For documentation on the establishment of the Consulate General at Vladivostok, see *Foreign Relations*, 1940, vol. III, pp. 460-463.

⁵ Agreement had been given to the opening of a Consulate General in Leningrad after protracted negotiations in note No. 76 from the Embassy of the Soviet Union dated May 15, 1947; see *ibid.*, 1947, vol. IV, p. 560, and footnote 1. The Department of State sent a brief summary of the present note to the Embassy in Moscow in telegram 1004, August 24, 1948, 9 p. m., not printed. In regard to the closure of the consulates it was anticipated that this would be announced by the Soviet government, at which time "we merely plan to tell correspondents that this is not unexpected and does not cause us any concern." (702.6111/8-2448) See statements in the *New York Times*, August 25, 1948, p. 1, and August 26, 1948, pp. 1, 20.

702.6111/8-2748

The Secretary of State to the Ambassador of the Soviet Union
(Panyushkin)

WASHINGTON, August 27, 1948.

EXCELLENCY: I have the honor to refer to the recognition of Mr. Yakov Mironovich Lomakin as Consul General of the Union of Soviet Socialist Republics at New York, New York, by certificate dated

July 11, 1946, and to inform you that as this official is no longer acceptable to the Government of the United States, his recognition has been revoked by an Act of the President dated August 23, 1948, which is enclosed.¹

Accept [etc.]

For the Secretary of State:
CHARLES E. BOHLEN

¹ Not printed.

311.6115/8-2448

*The Secretary of State to the Ambassador of the Soviet Union
(Panyushkin)*¹

The Secretary of State presents his compliments to His Excellency the Ambassador of the Union of Soviet Socialist Republics and has the honor to refer to his note no. 156 of August 24, 1948 regarding the case of Mrs. Kasenkina and Mr. Samarin and to acknowledge the receipt of photostatic copies of the two letters by Mrs. Kasenkina which were requested in the Department's note dated August 19, 1948.

The Department of State notes that the Soviet Government reaffirms the position taken in its earlier communications on this subject and rejects the position of the Department of State with respect to the abuse of his prerogatives by the Consul General of the USSR in New York. The Department of State has nothing to add to its note on this subject dated August 19, and must categorically reject as without any basis in fact the wholly unsubstantiated accusations made against the Federal Bureau of Investigation and the welfare organization known as the Tolstoy Foundation.

The Department of State also notes that the Soviet Government again "insists that opportunity for free and unobstructed access to Kasenkina and Samarin be granted to the representatives of the Soviet Union in the U.S.A." The Department in its note of August 19, 1948 stated that they were completely free to see any Soviet official if they desired, but that this Government could not compel either of them to do so. The Soviet Government must therefore have realized that compliance with this request would be incompatible with the principles of law on which the United States Government was founded and to which it adheres. The persons of individuals in the United States are not liable to restraint or compulsion except in accordance with duly enacted statutes and subject to constitutional safeguards. It is a matter exclusively for the determination of Mrs. Kasenkina and Mr. Samarin whether they will see the representatives of the Soviet Government.

¹ The text of this note was sent to the Embassy in the Soviet Union in telegram 1083 from Washington on September 9, 1948, 4 p. m. It was also printed in the Department of State *Bulletin*, September 26, 1948, pp. 408-409.

Mrs. Kasenkina has stated to Soviet Vice Consul Chepurnyk[h] in the presence of witnesses that she does not wish to see him or any other Soviet representative. Mrs. Kasenkina has been under no restrictions of any kind other than those normally required by medical practice for patients suffering from injuries such as she sustained. It is understood that she is rapidly regaining her health. Upon her recovery and departure from the hospital, Mrs. Kasenkina will continue to be free to see whomsoever she wishes, and of course she will enjoy complete freedom of movement. Mr. Samarin has stated under oath to a subcommittee of the Congress, before which he appeared at his own request, that he determined voluntarily and on his own initiative to renounce his Soviet citizenship and to remain in the United States. He of course enjoys complete freedom of movement and can see whomsoever he wishes. In these circumstances, the United States Government must consider the matter closed.

The Department of State has taken note of the intention of the Soviet Government to close its Consulates General at New York and San Francisco, and its decision, in conformity with the principle of reciprocity, to consider the United States Consulate General at Vladivostok subject to immediate closing, and to withdraw the permission for the opening of a United States Consulate General at Leningrad. Accordingly, on August 27 the Department of State closed the United States Consulate General in Vladivostok and is completing the necessary arrangements for vacating the premises as promptly as possible.² The Department will appreciate being advised of the official dates of the final closing of the Soviet Consulates General in the United States.³

WASHINGTON, September 9, 1948.

² Preparations for winding up the affairs of the Consulate General at Vladivostok and for the clearing out of the property were begun at once. Vice Consul Scott C. Lyon informed the Department of State near the end of September with some apparent surprise that the local agencies at Vladivostok were cooperating extraordinarily well to assist in the closure, so that he expected to be able to depart for Moscow on October 1, 1948.

³ The Department of State noted that the consulates general of the Soviet Union were closed for business on August 26, 1948. The Embassy of the Soviet Union declared in its note No. 1 of January 6, 1949, that "August 24, 1948 should be considered the official date of the closing of the Consulates General of the U.S.S.R. in the U.S.A." (702.6111/1-649) At New York, the premises were reported as evacuated on September 30, and the last personnel entrained from San Francisco on October 1. The sailings on the way to the Soviet Union of Vice Consul Chepurnykh with his family, and of Consul General Lomakin, were reported in the *New York Times*, August 26 and 29, 1948, p. 1.

YUGOSLAVIA

INTEREST OF THE UNITED STATES IN THE DISPUTE BETWEEN YUGOSLAVIA AND THE COMMUNIST INFORMATION BUREAU; EFFORTS TO REACH AGREEMENT REGARDING MUTUAL CLAIMS BETWEEN THE UNITED STATES AND YUGOSLAVIA¹

860H.00/1-348 : Telegram

The Ambassador in Yugoslavia (Cannon) to the Secretary of State

SECRET URGENT

BELGRADE, January 3, 1948—7 p. m.

6. During call on Foreign Minister² yesterday afternoon I was informed Marshal Tito³ would see me this morning. This was somewhat surprising as to timing but otherwise not entirely unexpected as he had given me rather particular attention at his November 29 reception⁴ and I had then taken opportunity to suggest that we pursue that conversation sometime during office hours. He had promised to let me know after he caught up with "extra work caused by visits abroad".

Knowing that interview had been arranged for general informal talk and that theme Tito expected me to develop was improved trade relations, I started by brief discussion prewar and present trade (which I shall report in separate telegram)⁵ and managed transition to political field by frank statement that many of US products Yugoslav Government needs are in such short supply that exports naturally go to countries friendly to US, and that Yugoslav Government cannot expect credit, whether by US public agencies or commercial banks, so long as American public opinion finds Yugoslav Government invariably opposing US in all efforts for establishing peace and reconstruction.

This brought us to questions of Trieste and Greece.⁶ On Trieste he said he hoped a good governor would be found soon. I agreed but

¹ For previous documentation on relations with Yugoslavia, see *Foreign Relations*, 1947, vol. iv, pp. 744 ff.

² Stanoje Simić.

³ Josip Broz-Tito, Yugoslav Premier and Minister of National Defense; Secretary General of the Yugoslav Communist Party.

⁴ Official reception celebrating the anniversary of the establishment of the Federal People's Republic of Yugoslavia.

⁵ Telegram 9, January 4, from Belgrade, *infra*.

⁶ For documentation on the political relations of the United States with the Free Territory of Trieste, see volume III. For documentation on the concern of the United States over the civil war in Greece and the assistance rendered to the Greek rebels by Yugoslavia, Bulgaria, and Albania, see pp. 222 ff.

added at once that our military had been given responsibilities there which they would fulfill in all conditions in the interim period as honest men and good soldiers and that their task in providing a sound administration had been rendered unnecessarily difficult and at times even dangerous by Yugoslav provocation, incitement of anti-AMG elements and clandestine subversion. Candor compelled me to say that the choice of a governor is made doubly hard by contemplation of a situation where elements of violence obviously have encouragement and support from across the frontier. In an injured tone Tito said that his commanders complain to him about incidents on the frontier and when by his orders straying "fishermen" are immediately released the Americans say, "There must be some trick in that too". He hoped Trieste situation would be settled according to the treaty.

On Greece Tito said the whole world knows how Yugoslav Government sees situation there. "We have stated our position repeatedly, but we are not going to do anything dramatic or engage in any adventure." He pointed to Bebler,⁷ who was present throughout the interview and said that Foreign Office had kept him fully informed of my conversations at Foreign Office on Greek situation. I said that since my last talk with Bebler I had noted reports that in Bulgaria and Albania the tone is more interventionist and bellicose and in view of recent series of pacts one could suppose this to be by agreed plan. He replied, "Yes, I know that you Americans are worried about Communism thrusting out into other areas but do not forget Yugoslavia's chief national task is internal development and we need peace".

It is hard to convey the atmosphere of this curious conversation. I found it hard going with him on the political topics. He had taken pains to remind me this talk was continuation our informal conversation of a month ago but I must note that he has not been receiving diplomats for political talks in recent weeks. It is therefore significant that he seemed to think it useful to have contact with American representative, yet instead of drawing me out he forestalled much of what I would have said by saying Foreign Office had given him full account of my talks. In fact my reference to Albania and Bulgaria was a long shot designed to get at him from some other angle. His rejoinder was oblique but in essence confirmed my earlier impression of Yugoslav attitude of reluctance to make definite decision on recognition of Markos⁸ unless forced by Moscow. There is no doubt in my mind he is

⁷ Dr. Aleš Bebler, Yugoslav Assistant Foreign Minister.

⁸ General Markos was the chief of the so-called Greek Democratic Army conducting guerrilla warfare against the Greek Royal Government and head of the so-called Provisional Democratic Government of Free Greece established some where in the Greek-Yugoslav-Albanian mountain border area in late December 1947.

uneasy about American plans and worried about the implications of Mr. Lovett's press statement.⁹

Sent Department as 6, repeated London 3, Paris 2, Athens 3, Moscow 2, Rome 2, Trieste 1, Sofia 3 and Salonika for BalCom as 3.¹⁰

CANNON

⁹ For the text of the statement to the press of December 30, 1947, by Under Secretary of State Robert A. Lovett on the claim of the Markos junta to have established a provisional government, see telegram 2076, December 30, 1947, to Athens, *Foreign Relations*, 1947, vol. v, p. 477.

¹⁰ In telegram 142, January 31, from Belgrade, not printed, Ambassador Cannon reported on an unpleasant interview with Assistant Foreign Minister Bebler regarding the detailed but distorted account of the Ambassador's conversation with Tito which appeared in *Newsweek* magazine of January 19. The Ambassador feared the disclosures and misrepresentations in the article would prevent cordial access to Tito for some time to come (860H.00/1-3148). In telegram 58, February 3, to Belgrade, not printed, the Department apologized to Ambassador Cannon for the "leak" to the press, the source of which had not yet been learned (860H.00/1-3148).

860H.50/1-448: Telegram

The Ambassador in Yugoslavia (Cannon) to the Secretary of State

SECRET

BELGRADE, January 4, 1948—7 p. m.

9. ReEmbtel 6, January 3.¹ For economic part in talk with Marshal Tito yesterday I used for background (a) long memo² prepared by Leonhart³ summarizing prewar, present and prospective trade and possibility of triangular trade under ERP and analyzing rates of exchange nationalization practices and secrecy on statistical information (b) memos of conversations in Department November 12 forwarded under despatch 35 December 9⁴ (c) memos of conversations November 13 forwarded under Form DS 4 November 17⁵ and (d) Issue No. 129 December 15 of booklet *Current Economic Developments*⁶ from which fortunately we were able have some idea of Department's thinking on current negotiations on Yugoslav gold and counterclaims.⁷

¹ *Supra*.

² Not printed.

³ William K. K. Leonhart, Second Secretary at the Embassy in Belgrade.

⁴ None printed.

⁵ For the Secretary of State's memorandum of his conversation with Foreign Minister Simić on November 13, 1947, see *Foreign Relations*, 1947, vol. iv, p. 852; for a summary of the memorandum by John D. Hickerson, Director of the Office of European Affairs, of his conversation with Foreign Minister Simić on November 13, 1947, see *ibid.*, p. 852, footnote 1.

⁶ The reference here is to a Department of State classified weekly report; issue No. 129 included a brief review on the status of negotiations in December 1947 on United States claims against Yugoslavia and the question of unblocking of Yugoslav gold in the United States.

⁷ Regarding the negotiations under reference here, see the memorandum by Walworth Barbour for the Under Secretary of State, *infra*.

Local Foreign Office had also given me copy of *aide-mémoire* presented by Simić to Secretary Marshall November 13.⁸

I found Tito only mildly interested in normal trade development and entirely indifferent to long range aspects. He wants machine and electrical equipment now. Clearly chief preoccupation is realization that success of five year plan depends on mechanical equipment which eastern bloc cannot furnish and which must somehow be obtained.

My reference to eventual Yugoslav exports to be tied into ERP provoked no reaction. My suggestion of importance of even incomplete statistical information which normally would not be confidential but is here treated as utmost state secret also left him cold.

On only two points did he show interest.

1. Removal of tourist ban. He spoke of badly needed foreign exchange this would produce but I am sure he was thinking chiefly of political factors. I said atmosphere was not favorable to any change now but I would review the situation in the spring and make recommendation to Department in light situation then.

2. Above all he wants the blocked gold. He said "keep twenty millions until we settle claims and release rest which we will spend at once for American machines". Having already detected signs that Yugoslavs would like to transfer at least part of negotiations to Belgrade. I said that claims were being worked on in Washington and I had not sufficient details to entitle me comment this proposal. He asked me at least to "animate" the negotiations. At this Bebler beamed for he had told me of assurances of Secretary and Hickerson in November which Thorp⁹ had then reiterated but "after the first technical meeting we were back in same rut".

As reported mytel 6 these economic topics were discussed parallel with political questions which, except for blocked gold, may have been of more immediate interest to him as they were to me.

This talk confirms at least Embassy's impression of hard sledding for five year plan, shallowness of intra-bloc trade agreements and insufficiency of export surpluses to cover estimates optimistically put forward in series of simultaneous bilateral trade negotiations. It also fits in with my conjecture that whatever may be ability of Soviets to help industrialization of Yugoslavia it is not to Soviet advantage to do so. I think Soviets will give minimum aid to keep Yugoslavs in respectful dependence; will encourage building up industries of direct military importance; and will favor whatever imports from west Yugoslav Government can manage to acquire holding this to be capital accretion to resources of bloc. But I think that strategically they still look upon Yugoslavia as forward area and intend to concentrate important basic industries within Soviet Union rather than expose

⁸ The *aide-mémoire* under reference here is not printed.

⁹ Willard L. Thorp, Assistant Secretary of State for Economic Affairs.

them to peripheral risks or contribute to centrifugal forces which major political or military changes might set in motion.

Sent Department 9, repeated Moscow 4, London 5, Paris 4.

CANNON

840.51 FC 60H/1-248

*Memorandum by the Chief of the Division of Southern European Affairs (Barbour) to the Under Secretary of State (Lovett)*¹

CONFIDENTIAL

[WASHINGTON,] January 7, 1948.

THE PROBLEM

To review the US position in regard to the US-Yugoslav negotiations concerning US claims against Yugoslavia and blocked Yugoslav assets in the US, to formulate a reply to the Yugoslav Ambassador's note of January 2, 1948,² and to recommend the position the Department should take with a view to the expeditious satisfactory conclusion of these negotiations. (Reference: Policy Planning Staff Paper No. 16, dated November 17, 1947).³

BACKGROUND

1. *Yugoslav Blocked Assets in the US*

Yugoslav assets in the US blocked under Executive Order No. 8389 of April 10, 1940, as amended, now consist of

a) Yugoslav funds deposited in the Federal Reserve Bank of New York to the account of the Yugoslav Government amounting to approximately 47 million dollars (46.8 million in gold),

b) Yugoslav private assets on deposit in various financial institutions, trusts, etc. in an amount unknown but estimated at roughly \$13,800,000 in 1941.

As regards Yugoslav Government funds, at the beginning of April 1941 the Yugoslav National Bank had an account in the Federal Reserve Bank of New York. When the German invasion of Yugoslavia began, the Department, in agreement with the Yugoslav Minister in Washington, on April 25, 1941, took steps under Section 25B of the Federal Reserve Act, as amended, copy of which is attached, to authorize the Yugoslav Minister to take possession of the funds in that account and to transfer such funds to an account in the name of the Yugoslav Government-in-exile at the same Federal Reserve Bank.

¹ This memorandum was concurred in by the Office of European Affairs, the Office of Financial and Developmental Policy, and Office of the Legal Adviser.

² For the text of the Yugoslav Ambassador's note of January 2, 1948, see the Department of State *Bulletin*, January 25, 1948, p. 118.

³ For the text of the conclusions contained in Policy Planning Staff Paper No. 16, see *Foreign Relations*, 1947, vol. iv, p. 854, footnote 5.

The purpose of this action was to protect these funds from the invading Germans. In 1944 the Government-in-exile, which was recognized by the US, furnished documents ratifying this transfer from the Yugoslav National Bank to the Yugoslav Government and ratified also all transactions consummated pursuant thereto.

The Yugoslav Government funds in this account in the Federal Reserve Bank have, under certification of the Secretary of State and by license of the Treasury Department, been subject to certain withdrawals by the Yugoslav Government-in-exile and subsequently in 1945 by its successor the National Provisional Government of Yugoslavia. Between 1942 and 1944 the Yugoslav Government-in-exile was authorized to operate the account freely under a blanket license. (19.0 million were withdrawn in this period). Since 1944 specific licenses have been issued for specific transactions totalling 1.7 million dollars but, although Tito's present authorities have made numerous efforts to obtain a general Treasury license, such a general license has been denied. We have offered to unblock sufficient funds from this account for Yugoslavia to pay its subscription to the International Bank and Fund but the Yugoslavs have not availed themselves of such a limited authorization. The amount now in this account is reported to be approximately \$47,000,000, 46.8 of it in gold.

Concerning Yugoslav private assets, the Department has no intention of using the private assets as a bargaining weapon in connection with the settlement of US claims against Yugoslavia. However, it has been the invariable policy of the Treasury Department to make general agreements or to unblock simultaneously all assets of specified foreign countries and consequently the Yugoslav private assets have remained blocked pending the outcome of the negotiations with regard to US claims and the Yugoslav Government assets. It is impossible to estimate accurately the amount of the private assets so blocked. Under the 1941 census there were \$13,800,000, but accretions by way of dividends, interests, etc., and depletions by way of licenses (for example, up to \$1,000 per month can be withdrawn by individuals) may have materially altered the 1941 figures.

2. US claims against Yugoslavia.

a) US Government claims against Yugoslavia are for lend-lease, pre-UNRRA US military civilian relief (known as Plan A), the loss of 2 US Army airplanes, a confiscated jeep, etc. The US lend-lease outlay to Yugoslav amounted to 32 million dollars approximately, and for civilian relief (Plan A) approximately 6 million dollars. The airplanes have been estimated by the Army Department at 180 thousand dollars and the jeep at \$2,000.

b) US private claims against Yugoslavia arise as a result of Yugo-

slav expropriation under various pretexts including nationalization, alleged axis collaboration, and other pseudo judicial subterfuges, of the property, business interests, etc. of American citizens and corporations in Yugoslavia. American-owned assets in Yugoslavia were estimated by the Treasury Department as of May 31, 1943 to have amounted to 50.3 million dollars. US corporations and citizens have submitted to the Department statements indicating claims totalling in excess of \$42,300,000.

There are also certain items such as the service on Yugoslav bonds, etc. which were placed on the agenda for negotiation but have not been reached for discussion.

3. Following various previous informal representations both in Belgrade and in Washington, the Yugoslav Government informed the Department in March 1947 that it desired to undertake negotiations with regard to unblocking Yugoslav assets in this country. In a separate communication that Government also indicated that it was prepared to discuss the settlement of US claims for nationalized property in Yugoslavia. In response to these approaches the Department informed the Yugoslav Government that it would welcome such negotiations, which, if agreeable to the Yugoslavs, should include in addition to the above matters the "settlement of lend-lease accounts between Yugoslavia and the US and any other financial claims of one Government against the other which have arisen subsequent to the outbreak of war." The Yugoslav Government indicated its willingness to proceed with such negotiations which began on May 19, 1947.

4. a) In the course of the negotiations which have been conducted since May 19 the Yugoslavs have agreed to the principle of a lump sum settlement. They have further agreed to the principle of the settlement of the lend-lease and Plan A accounts through the payment of local Yugoslav currency which the Department desires to use in connection with the operation of the Embassy in Belgrade and to purchase Government quarters in Yugoslavia. However, the Yugoslavs have offered only 5,187,000 dollars for what they term direct American investments in Yugoslavia and the equivalent of approximately 300,000 dollars in local currency in settlement of lend-lease and Plan A. They have based their figure of 5 million so-called direct investments upon a Department of Commerce estimate published in 1942 which that Department reports to have constituted only an extremely rough estimate covering a strictly limited category of investments. The Department of Commerce considers its figure superseded by subsequent Treasury estimates such as those noted above. The Yugoslavs express complete unwillingness to accept responsibility or pay compensation for the two airplanes or to reach agreement at this time upon the

claims of certain recently naturalized American citizens and those of American citizens wherein the original investment was made through third countries. They have offered to leave blocked in this country $2\frac{1}{2}$ million dollars to cover claims not settled by the present negotiations which they desire to discuss subsequently. They have failed to furnish information concerning the status of various American assets in Yugoslavia including certain lend-lease P-T boats and have denied representatives of US claimants entrance into Yugoslavia to inspect their clients properties.

b) The Department has taken the position in these negotiations that it would be prepared to settle for a lump sum payment in gold or dollars for losses of American citizens in Yugoslavia generally, such sum also to include compensation for the two airplanes, the jeep, etc. We suggested the figure of 20 million dollars as an acceptable compromise in this regard. In accordance with standing policy we insist on the inclusion as American citizens of persons whose citizenship was American at the time the claim arose. As regards lend-lease and Plan A we have indicated our readiness to accept local currency in Yugoslavia. We offered to accept the equivalent in Yugoslav dinars of $3\frac{1}{2}$ million dollars in this connection. We have, in accordance with statutory requirements, requested the return of the P-T boats.

5. The Yugoslavs maintain that their treatment in regard to the blocked gold and other assets is less favorable than that accorded other United Nations. They emphasize their contribution to the war effort, the problem of reconstruction in Yugoslavia, and refer to the fact that the peace treaties with Italy and the satellites require compensation for war damage, etc., amounting to only $\frac{2}{3}$ the value of the property whereas we demand full compensation for expropriated property. They have also advanced arguments that our continued retention of their assets is contrary to Bretton Woods. They have released to the press the Yugoslav Ambassador's note of January 2, 1948 which summarized most of the arguments which they have advanced in the course of the negotiations.

6. The Yugoslavs have placed the question of their frozen assets in the US on the agenda for the next meeting (February) of ECOSOC.

7. Various US legal firms have explored the possibilities of bringing proceedings in US courts against Yugoslav assets here with a view to satisfying American claims against Yugoslavia. US lawyers (Coudert) representing King Peter have also made inquiries concerning the possibility of his obtaining title to such funds. These firms have not, to the Department's knowledge, instituted any actions in US courts as a result of their consideration of the matter.

DISCUSSION

It is manifestly in the interest of the US to obtain a settlement of the various matters at issue in these negotiations at the earliest possible moment. The Department is aware of the undesirability of endeavoring to maintain Yugoslav assets blocked indefinitely. At the same time, the nature of the present Yugoslav regime and its attitude towards foreign properties, as indicated in reports from our Embassy in Belgrade and reflected by the experience of other nations which have undertaken similar negotiations, clearly emphasize the importance of these blocked assets as a bargaining lever. The Embassy strongly recommends these assets be retained pending a satisfactory settlement. It may be noted that this is not the first instance where the US has maintained freezing controls to attain other objectives. We held Swedish and Swiss funds frozen until we obtained agreements with those countries concerning German assets and looted gold. The funds of Spain and Portugal are still frozen pending similar agreement with the former and agreement on looted gold with the latter.

The Yugoslav position that our attitude is contrary to the Bretton Woods Agreement is not supported by the Department's interpretation of that agreement. The threat of the Yugoslavs that they will bring suit in an International Court in this connection is similarly not considered of serious consequence. It is pointed out that in the case of the Hague Court the US adherence to the Hague Convention specifically reserves our right to refuse to submit to the jurisdiction of the court in the absence of a special agreement between the US and Yugoslavia. A special agreement between Yugoslavia and the US would similarly be necessary if the Yugoslavs wished to resort to the 1929 arbitration procedure. In the case of the present International Court of Justice the Yugoslavs have not accepted the compulsory jurisdiction of that body. As regards the Yugoslav threat to bring an action in a US court, it is doubtful whether a US court could take jurisdiction and in any case a court judgment would apparently be inoperative in the absence of a specific Treasury license.

In regard to the possibility of US claimants against Yugoslavia bringing actions in US courts against Yugoslav assets here looking to the satisfaction of their claims through that means it is presumed that the Yugoslav Government, as titleholder of the assets would request the Department to certify their immunity and that it would be unwise for the Department to refuse to do so. It is the usual rule of the courts to decline jurisdiction in suits involving assets of foreign states. The Department has not in the past refused certification as to such foreign ownership and immunity and refusal might have political consequences.

It is believed that the Department is fully supported in the position it has taken so far by public and Congressional opinion in this country as it is known to be by some of the major American claimants.

RECOMMENDATIONS

It is recommended

1) that the Department continue to negotiate toward a general agreement covering all outstanding items,

2) that pending the conclusion of such an agreement no steps be taken to release any of the Yugoslav assets,

3) that we indicate to the Yugoslavs our desire to press for an early conclusion of these negotiations,

4) that the Department reply to the Yugoslav Ambassador's note of January 2 along the lines of the attached draft,⁴ such reply to be made public upon delivery,

5) that the US argue its position in ECOSOC on the merits and history of the negotiations as set forth herein, and

6) that, in the event the Yugoslavs endeavor to bring suit (a) in a US court or (b) under the Hague Convention or (c) invoke the 1929 Arbitration Agreement, we refuse to submit to such jurisdiction but, if they resort (d) to the International Court, we agree to consideration by that body of the whole question of our claims and Yugoslav assets, as above, provided the Yugoslavs submit to that Court's compulsory jurisdiction.

[WALWORTH W. BARBOUR]

⁴ For the text of note of the Secretary of State to the Yugoslav Ambassador, dated January 14, 1948, see Department of State *Bulletin*, January 25, 1948, p. 117.

360h.115/1-2348 : Telegram

The Ambassador in Yugoslavia (Cannon) to the Secretary of State

SECRET

BELGRADE, January 23, 1948—2 p. m.

100. In appraising political background and tactical conduct US claims negotiations, Department should know how vitally important to their own negotiations US stand is considered by all western missions here and how enthusiastically its firm position in recent exchange notes has been received. Since Department press released its reply, Embassy Secretary has been approached by local British, French, Dutch, Belgian, Swiss, Turkish, Italian, and Czech officers. All have emphasized gratification over US insistence that claims must be settled and something like envy over bargaining lever afforded by blocked assets. They all seem to have come to conclusion that no normal negotiations are possible and that their only hope is linked trade agreements with threat of some form economic sanction.

Swiss will send claims committee here in March seeking approximately dollars 35-40 million settlement to be paid by unbalanced offset

trade agreement. They fear principal issue will be Yugoslav charge of confiscation for collaboration not nationalization. Others report little progress, with Turks and Czechs privately almost abandoning matter. French still have claims negotiator here but this is admittedly more psychological than operational.

British trade and claims negotiations have, of course, been resumed. Their Embassy here feels chance for agreement slight, unless Yugoslavs will make decent claims settlement, and no indication here of greater willingness to settle. Department will note conscientious alteration of Yugoslav campaign against US and UK with most recent blasts at US coming after interruption British negotiations. We can probably expect no further action re our claims until results current Yugoslav-UK discussions known.¹

Sent Department 100; repeated London 25.

CANNON

¹ United Kingdom-Yugoslav agreements on trade and claims were concluded on December 23, 1948.

Editorial Note

In telegram 122, March 17, 1948, to Belgrade, repeated to Sofia, Bucharest, Budapest, Moscow, Rome, Paris, and London, the Department of State set forth the ultimate United States objectives toward the Balkan states, including Yugoslavia. For the text of the telegram, see page 312.

711.60H/3-3043

The Yugoslav Ambassador (Kosanovich) to the Secretary of State
 Pov. br. 283

The Ambassador of the Federal Peoples Republic of Yugoslavia presents his compliments to the Honorable the Secretary of State and upon instructions from his government has the honor to communicate the following:

On March 24, 1948, the Honorable Senator Styles Bridges, Chairman of the Senate Appropriations Committee, speaking in the United States Senate on the necessity to increase the armed forces of the United States, stated, among other things, that the United States must "Encourage the underground behind the 'iron curtain'. We should attempt in every way possible to maintain contact between free America and those within conquered areas who still have freedom in their hearts."

Considering the important function that the Honorable Senator is performing in the United States Senate and the high place where

the statement was made, the government of the Federal Peoples Republic of Yugoslavia is not in a position to consider the words of Senator Bridges as an irresponsible statement made by an irresponsible individual. It is clear from the statement that the Honorable Senator includes Yugoslavia among the countries "behind the iron curtain." The character of the statement is such that the government of the Federal Peoples Republic of Yugoslavia considers that the Honorable the Secretary of State would agree that the statement of Senator Bridges cannot be explained other than as an open invitation to the government of the United States to interfere "in every way possible" in the internal affairs of other countries, creating and inciting subversive activities against governments with which the United States is maintaining normal diplomatic relations and which like the United States are members of the United Nations.

The Ambassador of the Federal Peoples Republic of Yugoslavia is confident that the Honorable the Secretary of State will also agree that the recommendations of Senator Bridges are contradictory to all moral and legal principles so far upheld by civilized peoples.

Because of the eminent position held by Senator Bridges and the high place in which the above mentioned statement was made, the Ambassador of the Federal Peoples Republic of Yugoslavia would be grateful to the Honorable the Secretary of State if he could inform him of the stand which the government of the United States takes in regard to Senator Bridges' statement. The Ambassador of the Federal Peoples Republic of Yugoslavia avails himself of this opportunity to renew, to the Honorable the Secretary of State, the expression of his highest esteem.¹

WASHINGTON, March 30, 1948.

¹ The operative portion of Acting Secretary of State Lovett's reply, dated April 13, 1948, read as follows:

"The Acting Secretary of State does not consider that the remarks of a member of the Congress of the United States are a proper subject for representations by a foreign Government and, under the constitutional system of government of the United States, does not feel called upon to comment thereon." (711.60H/3-3048)

S60H.00/3-3148: Telegram

The Ambassador in Yugoslavia (Cannon) to the Secretary of State

SECRET

BELGRADE, March 31, 1948—4 p. m.

362. We hold that Allies in late war have definite obligation to rehabilitate Mihailovich.¹ We see no objection announcement of award

¹ General Draža Mihajlović (Mihailovich), wartime Minister of Defense of the Royal Yugoslav Government in Exile and Commander of Chetnik guerrilla forces; executed in 1946 for alleged wartime treasonous activities against the Yugoslav state.

mentioned Deptel 130, March 25,² but wonder whether this minor gesture would prove decisive step to that end or give much heartening or effective encouragement to anti-Tito elements since it would surely reopen controversy in which, judging from past experience, we probably would not have last word. We realize, however, that such an announcement would be completely in line our present policy of plain speaking. To obtain best effect locally, it should be brief and be pointed to Draza's direct aid to US armed forces in conduct of war against Axis. Proposed analogy to Petkov³ martyrdom is not clear.

As regards date of announcement a precise anniversary does not seem essential. We note that Yugoslav note rejecting US aviators' desire to give testimony was dated April 4, 1946. Since we returned to the charge on May 7 and had to accept second rejection, this does not seem psychologically a felicitous occasion to commemorate.⁴

Not to anticipate nature of Rome's reply⁵ concerning effect of announcement in Italy, we suggest that it not be worded in manner suggest connection with Italian elections. We have in mind (a) diluting effect of last week's Trieste statement,⁶ and (b) fact that favorite charge against De Gasperi⁷ here is Neo-Fascism. Great patriot and fine soldier that Draza was, it happens that part of his record concerned with transactions with Italians in 1942 is still matter for controversy.⁸

Sent Department 362; repeated Rome 75.

CANNON

² Not printed. It reported that the Legion of Merit had been awarded posthumously to Mihajlović for his assistance to the Allied cause during World War II. The medal and citation were being retained by the Department pending presentation to a suitable heir. Consideration was being given to announcing the award in order in part to encourage democratic elements in Yugoslavia and in the Balkans generally (093.112/3-2548).

³ Nikola Petkov, leader of the Bulgarian Agrarian Union and opponent of the Communist-dominated regime in Bulgaria; executed in October 1947 for alleged treasonous activities.

⁴ For the texts of the exchanges of notes between the Embassy in Belgrade and the Yugoslav Foreign Ministry on March 30, April 4, and May 7, 1946, regarding the request of the United States Government that American citizens be allowed to testify at the treason trial of General Mihajlović, see Department of State *Bulletin*, April 14, 1946, p. 634, April 21, 1946, p. 669, and May 26, 1946, p. 909, respectively.

⁵ Telegram 1442, April 1, from Rome, not printed, warned that announcement of the Mihajlović award might be harmful to American prestige in Italy where there was no great sympathy for Yugoslav patriots (093.112/4-148).

⁶ Reference here is to the joint American-British-French statement of March 20, 1948, recommending the return of Trieste to Italy; for the text, see Department of State *Bulletin*, March 28, 1948, p. 425.

⁷ Alcide de Gasperi, Italian Prime Minister.

⁸ Airgram 85, April 21, to Belgrade, not printed, stated that the Department was inclined to share Ambassador Cannon's misgivings and would take no steps "at this time" to give publicity to the Mihajlović award (093.112/4-148).

711.60H/4-2348

*Memorandum by the Director of the Office of European Affairs
(Hickerson) to the Under Secretary of State (Lovett)*

SECRET

[WASHINGTON,] April 23, 1948.

Subject: Eight disquieting developments in Yugoslavia

I believe you will be interested in the following eight suspicious activities during the last few weeks on the part of the Yugoslav Government, the purpose of which is not yet clear.

1. Protests over alleged violations of Yugoslav territory by American aircraft
2. Cancellation on April 7 of all Yugoslav domestic and international civil aviation flights
3. Withdrawal from operation of automobiles assigned to many Yugoslav civilian and military officials
4. Establishment of ten-mile closed frontier zone, but with 54-mile depth on Greek border
5. Curtailment of civilian freight movements; reported increase of guards near homes of highest officials; and rumors of Tito meeting Hungarian Prime Minister and of the Yugoslav Secret Police chief visiting Budapest and Moscow
6. Shortage of various staple foods in local markets possibly indicating increased food stockpiling by military
7. Refusal to permit U.S. Embassy airplane to be based within Yugoslavia
8. Requested reduction in size of Zagreb Consulate staff

Comment on these eight developments is given in the attachment¹ to this memorandum. These developments may be considered in the light of Paris' telegram 2054 of April 18,² which indicated that the Kremlin had instructed European Communist Parties to avoid extreme actions and tactics at this time and to consolidate and extend Communist and Soviet interests by "mass action" of a legal and "peaceful" nature.

This memorandum is for your information only and does not call for any action by you at this time.³

JOHN D. HICKERSON

¹ The attachment and the accompanying file of telegrams is not printed.

² Not printed.

³ The decision not to forward this memorandum and its attachments to Under Secretary Lovett was explained in an attached memorandum by Robert G. Barnes, Chief of the Policy Registry Branch, dated April 26, in part as follows:

"This file of eight 'suspicious activities' may presage very alarming developments or may be more or less coincidental manifestations of internal problems. The presentation of the file without an effort at interpretation makes this rather meaningless.

"To me this all adds up to one of two things: 1) the Yugoslavs are facing acute economic problems as a result of general dislocation of European trade, or 2) they are preparing for some more direct move, either in Greece, Trieste, or with the Soviets in central Europe."

840.51 FC 60H/5-1448: Telegram

The Secretary of State to the Embassy in Yugoslavia

SECRET

WASHINGTON, May 14, 1948—1 p. m.

236. Whenever suitable occasion arises during talks with Yugo officials suggest in your discretion you refer to Prica's comment on blocked assets (urtel 579 May 7)¹ and point out that (1) in current US-Yugo financial negotiations now going on Wash US has consistently maintained there should be simultaneous settlement of both US claims vs. Yugo and Yugo claims vs. US, including unblocking Yugo assets; (2) these were the two problems Yugos themselves agreed to discuss before conversations started last year; (3) throughout conversations US has earnestly endeavored to reach a reasonable and acceptable compromise figure as evidenced by reductions we have made from original amount we named of 25 million but Yugos have not shown a comparable interest in arriving at a satisfactory solution; (4) another stumbling block to progress negotiations is recent introduction new and hitherto non-existent factor—namely, effects which extension Yugo nationalization law to small businesses and foreign owned real estate may have on such Amer owned property in Yugo and consequently on present conversations with Yugo Reps here; and (5) nonetheless US continues earnestly to desire early and mutually acceptable simultaneous settlement respective claims.

FYI three weeks ago US further reduced acceptable figure in US currency from 20 to 16 million. On May 12 attorneys for Yugos raised Yugo offer to 7½ million except for new claims arising under recent extension nationalization law for which suggested a sum be set aside (i.e. continued blocked) by agreement to be basis for future settlement to be negotiated when facts regarding effect of new nationalization law amendment become known. Impression attorneys had was that such facts would not be available for some time. Dept now studying latest Yugo offer.

MARSHALL

¹ Not printed; it reported that Srdja Prica, Director of the Western Office of the Yugoslav Ministry of Foreign Affairs, had reviewed Yugoslav attitudes on such problems as Palestine, religion, American-Yugoslav trade, and blocked assets (711.60h/5-748).

840.51 FC 60H/6-748

*Memorandum by Mr. J. Burke Knapp, Adviser in the Office of Financial and Development Policy, to the Director of the Executive Secretariat (Humelsine)*¹

[WASHINGTON,] June 7, 1948.

Subject: Requested Memorandum on Justification of US Blocking of Yugoslav Gold.

As requested in your memorandum to Mr. Havlik² of May 7, 1948,³ I am forwarding this memorandum, for the Under Secretary's concurrence before transmittal to the Secretary, outlining the justification for maintaining the block on Yugoslav gold. Attached is a more detailed statement⁴ which incorporates part of the material contained in a paper of the Secretary's Policy Planning Staff (PPS-16, November 17, 1947),⁴ the ribbon copy of which is also attached.

The United States justifies retention of Yugoslav gold primarily as a lever to induce Yugoslavia to make adequate dollar payments for expropriated American property, dinar payments for lend-lease "Plan A" obligations, and to settle certain minor claims. There are no complications regarding the unblocking operation as such which justify delay in returning the gold. On the other hand the United States is not violating any specific international commitment, such as any provision of the International Monetary Agreement, by not taking action to unblock the gold.

The use of this sort of lever is not a practice which the United States regards favorably for general use in obtaining the settlement of international claims. During recent decades, however, there have been a number of cases in Europe in which a creditor country, on behalf of its nationals or itself, has brought pressure on a debtor country to settle pecuniary claims by threatening seizure of the property of the debtor country within its borders. We are using pressure in the case of Yugoslavia for the following reasons: (1) Yugoslavia has shown little inclination to settle any of the United States claims; (2) Yugoslavia has shown little respect for the property or civil rights of individuals; (3) it is not inclined to settle the claims on the basis of their merits but expects specific returns for any of its actions which might

¹ The source text has been initialed by Secretary Marshall. Attached to the source text is a memorandum from Humelsine, dated May 7, reading in part as follows:

"After reading the suggested courses of action the Secretary commented: 'Yes' and added 'I doubt the justification for our action in blocking the return of impounded gold.'"

² Hubert F. Havlik, Chief, Division of Investment and Economic Development, Office of Financial and Development Policy.

³ Not printed.

⁴ For the text of the conclusions contained in Policy Planning Staff Paper No. 16, see *Foreign Relations*, 1947, vol. iv, p. 854, footnote 5.

benefit United States interests; and (4) recent experiences with Poland and Czechoslovakia have shown the consequences of the United States giving up such bargaining power as it had prior to the settlement of claims. In each of the latter cases blocked assets were released in 1946 upon promises from those countries that nationalization agreements would be signed. So far it has not since been possible to finalize settlements with either country.

The blocking of the gold does not mean, of course, that the U.S. has asserted title to it. Unilateral action by the United States to settle its claims by taking title to a part of the Yugoslav gold and releasing the balance to Yugoslavia would constitute a dangerous precedent that might be invoked against United States assets in other foreign countries. A bilateral agreement for the disposition of the gold is therefore highly desirable.

860H.00/6-848: Telegram

The Ambassador in Yugoslavia (Cannon) to the Secretary of State

SECRET

BELGRADE, June 8, 1948—8 p. m.

709. For first time confidence local regime in its ability to move forward boldly in new Stalinist world seems faltering. Vigor and firmness recent US policy, renewing vitality Western Europe, economic difficulties at home, and domestic political defections at upper levels government have undermined surging optimism that was regime's most characteristic feature last fall. Today Yugoslav Government seems groping for those new directions that will give it once again sense of having the lead in Balkans, of being in fact spearhead of evangelical and expansionist communism.

In making its reappraisals, Yugoslav Government finds little comfort at home or abroad. Following must loom uncomfortably large: (1) Yugoslav Government's investment in Markos has not been profitable and additions required seem beyond its capabilities; (2) its Austrian pretensions have been flatly rebuffed; (3) its progress into Trieste and Western Europe has been halted and presence nascent Italy on its border poses new complication; (4) reverberations recent Ljubljana espionage trial¹ are still echoing and deviationism Zujovic and Hebrang² indicates even top party structure far from impervious;

¹ During April 1948, two large trials were held in Ljubljana, Slovenia, involving 27 persons, many of them in governmental or Communist Party positions, for alleged treasonous activities against the Yugoslav regime.

² In early May 1948, Sreten Žujović and Andrije Hebrang, Ministers of Finance and Light Industry respectively, were dismissed from the Yugoslav Cabinet and subsequently placed under arrest. In telegram 629, May 20, from Belgrade, not printed, Ambassador Cannon speculated that the elimination of Žujović and Hebrang, the reasons for which had not been announced, indicated that the increasing domestic difficulties, particularly in the economic field, may have resulted in a top-level Yugoslav interparty conflict (860H.00/5-2048).

(5) strenuous agitation and propaganda re May Day, Tito's birthday, and other recent celebrations failed to arouse more than apathetic response.

Moreover, many indications show sense domestic economic ill-being. Nationalization 3,100 enterprises considered too small to bother about last year, closing of private shops throughout country, drastic limitations on right to resign or refuse transfers in government employment, failure publish budget in last year's detail, new internal loan with its clear intimations of obligatory subscription, all point to scraping bottom of barrel. Kardelj³ and Kidric,⁴ in their major economic presentations to Fifth Peoples Assembly,⁵ reinforced impression growing consciousness of stringencies. Kidric's definition of 1948's main task "find and exploit all hidden and presently unknown and unexploited reserves in economy" was session's keynote. But Assembly failed to produce either clear directives or coherent program and appears instead to have sharpened latent cleavage among regime's planners over directions and tempos for 1948.

Convocation General CP Congress for July 21 indicates local Politburo feels it can and must find its solutions within next six weeks. We can only report its interim measures seem both temporizing and ineffectual. Regime seems find it impossible adopt any thorough withal temporary change of direction. For example, armed services, which now require sufficient resources maintain forces more than half large as total eastern bloc outside USSR, received 35 percent increase in this year's budget, and military program will be further served by new premilitary trainees (Embtel 683, June 3).⁶ In foreign policy, chief aim now seems discovery formula to salvage something in retreat from Greek adventure. Austrian decision was accepted with much less bluster than might have been expected. And Trieste cauldron is merely simmering after continued failure of Yugoslav Government to follow through on its attempt at bilateral bargaining.

At home entire effort seems on consolidation party ranks. On one hand officeholders who gave regime its multiparty facade are disappearing. On other internal security and police controls have been greatly intensified. Rankovic⁷ and his UDBA have never been so influential and omnipresent. Trials against saboteurs and speculators are more numerous and sentences harsher than ever before. And there are

³ Edvard Kardelj, Yugoslav Deputy Prime Minister and Secretary of the Yugoslav Communist Party.

⁴ Boris Kidric, Chairman of the Economic Council and the Planning Commission; Member of the Politburo of the Yugoslav Communist Party.

⁵ In April 1948.

⁶ Not printed.

⁷ Aleksandar Rankovic, Yugoslav Minister of Interior and Secretary of the Politburo of the Yugoslav Communist Party.

increasing signs campaign against both RC and orthodox churches is being revived.

We have been giving much thought to what our policies should be in this new situation. I find our basic lines still eminently good and have no fundamental changes to suggest. We are now in an essentially interim period and no composition our underlying differences is presently possible. Economically, local pressures will have to be even more obvious before they can be used as political adjuncts. I urge all firmness in our claims position and any major trade which should be permitted only on terms unmistakably advantageous to our national interest.

Politically our firm Trieste policy has had excellent effect. Decision to permit at least temporary independent FTT representation in ERP is thoroughly sound notwithstanding difficulties regarding Zone B and lines our interim policy pending reincorporation. We think it would be fatal mistake to relax any of those excellent controls which have been paramount element in our holding the line in this part of Europe and that our major overall interest requires maintenance FTT regime with undiminished vigor.

Greece is still foremost Yugoslav problem. Neither shift in propaganda line to appeals for international intervention to end terror nor reappearance Zachariades⁸ with offer of peace at Politburo prices should obscure essential nature problem (Embtel 708, June 8).⁹ Yugoslav Government and eastern bloc are so deeply committed there that events in Greece will profoundly influence all their campaigns and policies. UN consideration UNSCOB report¹⁰ will be most important to us here and it is vital that no retreat or compromise be made. I can only stress once again belief that success of military operations alone will bring end to present phase and is therefore today the key to Balkans.

Sent Department 709; Department pass Moscow 138; repeated Athens 89; pouched to Paris, London, Rome, Trieste, Warsaw, Praha, Sofia, Budapest, and Bucharest.

Pass to Defense.

CANNON

⁸ Nikos Zachariades, Secretary General of the Greek Communist Party.

⁹ Not printed.

¹⁰ The United Nations Special Commission on the Balkans, established to investigate the Greek frontier incidents, held discussions throughout 1948. Its first major report to the General Assembly was submitted in June 1948. For documentation regarding the Commission and its report, see pp. 222 ff.

840.811/6-1848: Telegram

The Chargé in Yugoslavia (Reams)¹ to the Secretary of State

SECRET

BELGRADE, June 18, 1948—noon.

746. Embassy feels Yugoslav response Soviet Danube conference note (Embtel 733 June 16)² first direct and irrevocable challenge any satellite to supreme authority Communist overlords in Kremlin. Tito's apparent decision to challenge Stalin instead of recanting past errors may well be most significant political event here since US recognition and event presages possibility split in Soviet bloc if breach allowed to widen. For first time in history Soviet Union is faced with consolidated Communist regime in power outside own borders willing to risk independent or even contrary course.

Immediate issue Danube conference site itself unimportant since Yugoslavia has provided Soviet with possibility reasonable public explanation by exploiting Simic as scapegoat. But this alternative would evade basic issue of Tito's defection. How and when Soviets could or would react may well be of more immediate concern to them than to Tito.

At moment we cannot offer certain explanation factors contributing to yesterday's climactic decision Yugoslav Politburo. While decision undoubtedly made by Tito and probably based personal vanity it is inconceivable it could be made without assent Politburo leaders or at least Rankoviz. Recently we have wondered at possible implications certain observations and rumors difficult to explain given presumed harmony between Kremlin and local regime. Embassy particularly noted in contrast previous year fact Tito received no congratulatory message from Stalin or any Soviet Union leader on occasion May 25 birthday celebration.

Last week Canadian Secretary showed one of my officers letter from Moscow colleague commenting on noticeable decrease in Soviet press coverage devoted Yugoslavia. British Ambassador³ told me yesterday he believes report Tito recently severely rebuked in personal letter from Stalin. Further confirmation this report seems afforded by June 12 *Borba*⁴ article written by Pijade.⁵ CPJ theoretician defended

¹ Counselor of Embassy Robert B. Reams served as Chargé from June 12 to June 22 during Ambassador Cannon's absence from Belgrade.

² *Ante*, p. 615. It had been originally proposed that a conference to work out a new convention regarding the regime of navigation of the Danube River be convened in Belgrade on July 30. On June 12 the Soviet Government suggested that the conference be held in some other Danubian country, but the Yugoslav Government subsequently asserted that Belgrade could and should serve as the site for the conference. For documentation regarding the Danube Conference of July-August 1948, see pp. 593 ff.

³ Sir Charles Peake.

⁴ Organ of the Communist Party of Yugoslavia.

⁵ Moša Pijade, President of the Yugoslav Parliament (Skupština) and member of the Politburo of the Yugoslav Communist Party.

his party's vanguard role in Yugoslav People's Front so vigorously as to suggest local regime subject even more direct and severe criticism than was expressed in general terms to non-Soviet CPs in June 1 Cominform editorial. (Embtel 680, June 3)⁶

Climax this trend reached on June 15 when lead editorial latest Cominform journal significantly exempting leaders French and Italian CPs attacked Communist who "in fog eulogy and exaggerated self-praise" stifle criticism and fail recognize own shortcomings. By process of elimination this can apply only to Tito or Dimitrov⁷ or both. "Non-Marxist attitude towards criticism and self-criticism is often outcome conceit and at times of non-understanding role self-criticism as vital method party work, desire restrict criticism stifle it to take measures against those who make serious critical remarks". Above suggests Kremlin's displeasure ranges beyond party tactics regarding People's Front and also includes abrupt arrest Zujovic and Hebrang. Embassy believes Zujovic only prominent personality accompanying Molotov to Moscow following San Francisco UN Conference and wonders if his dismissal unexpected shock to Soviet Politburo friends.

In final analysis it seems unlikely theoretical differences basic cause developing conflict. Tito's personal ambitions to lead own sphere in southeast Europe must have cumulatively irritated and perhaps alarmed Kremlin. Latter's January rebuke to Dimitrov may also indirectly have applied to Tito who had not opposed thesis Yugoslav-Bulgarian federation.⁸ Unlike Hungarian Premier however Tito made no public disavowal.

Conversely continuing Yugoslav frustration in foreign field and apparent Soviet disinterest or inability to assist five year plan may have discomfited Tito. It is significant that following Italian elections Government's economic planners stressed urgent necessity to develop internal resources and place minimum reliance on external assistance. Seemingly precipitate settlement US claims⁹ coupled with renewed expressions interest in expanding western trade could reflect decision to seek greater independence from Soviet economic bloc.

Whatever origins of conflict and scope present dissatisfactions Tito cannot be unaware experience Communists who have opposed Krem-

⁶ Not printed; it reported upon an editorial appearing in the Cominform journal *For a Lasting Peace for a People's Democracy*.

⁷ Georgi Dimitrov, Bulgarian Prime Minister and Secretary General of the Bulgarian Communist Party.

⁸ For documentation regarding the possible establishment of a federation of Balkan states, see pp. 293-300, *passim*.

⁹ The general outlines of a claims settlement between the United States and Yugoslavia had been reached on June 11, but final signing of the agreements was postponed until July 19, 1948, pending Yugoslav authorization of the relevant documents; see the editorial note, p. 1093.

lin. He may accordingly feel his own recent consolidation ranks party Army and Foreign Office have placed him beyond reach Stalin's punitive arm.

On basis available evidence I am convinced that definite split exists. Nature and extent split should become apparent soon on basis simple test location Danube conference. If Russians accept Belgrade it should indicate belief that Tito's position strong enough to require traditional gradual undermining. If Russians insist on other site it would be indication their clear belief that Yugoslav Communists can be brought back into line without too much difficulty. In evaluating Tito's ability to maintain separatist policy it should be noted that he occupies exceptional position. Other certain Communist leaders were in Russia during war and returned their countries accompanied by Kremlin picked teams. Tito led resistance and organized own team from ground up.

At moment it would seem energies Tito Communists will be focused on further buttressing their internal positions and preparing for whatever tactic Kremlin may use in meeting this challenge to its authority. It is too early to appraise extent of opportunity schism affords us to penetrate and disunite Soviet bloc. Pending clarification we can only reaffirm basic policy recommendations outlined Embtel 709 June 8 and urge prompt exploitation every occasion to intensify Yugo-Soviet differences such as present Danube conference issue (Embtel 738, June 17).¹⁰

Department pass Moscow 143.

REAMS

¹⁰ Not printed.

Editorial Note

In June 1948 Communist Party representatives from the Soviet Union, Bulgaria, Czechoslovakia, Hungary, Poland, Rumania, France, and Italy convened a meeting of the Communist Information Bureau in Bucharest, Rumania. The purpose of the meeting was to consider the state of affairs within the Communist Party of Yugoslavia. The Yugoslav party rejected an invitation to attend the meeting. On June 28, the Cominform adopted a "Resolution of the Information Bureau Concerning the Situation in the Communist Party of Yugoslavia" condemning the leadership of the Yugoslav party for pursuing an unfriendly policy toward the Soviet Union and for violating Marxist theory and practice. For the text of the Cominform Resolution, see Margaret Carlyle, Editor, *Documents on International Affairs 1947-1948*, issued under the auspices of the Roval Institute of International

Affairs (London, New York, Toronto: Oxford University Press, 1952), pp. 389-397.

On June 29, the Communist Party of Yugoslavia issued a statement rejecting the criticism contained in the Cominform Resolution; for the text of the statement, see *ibid.*, pages 397-404.

860H.00/6-2948: Telegram

The Chargé in Yugoslavia (Reams)¹ to the Secretary of State

TOP SECRET NIACT

BELGRADE, June 29, 1948—9 a. m.

789. Most immediate concern in this brilliantly fluid situation is possibility of approach by Tito agent to determine type and extent assistance we may be prepared make available at any of the several levels of development events may take.

I shall of course take no initiative but pending instructions will adopt as positive line *ad referendum* as seems defensible. Urgently I recommend Dept consider release general statement which possibly not referring to Yugo would remind world of US principles protecting territorial integrity small nations.²

MA and NA concur. Cabling Defense separately.³

REAMS

¹ Counselor Reams served as Chargé from June 27 to July 28 during Ambassador Cannon's absence from Belgrade.

² Telegram 336, June 29, to Belgrade, not printed, replied with the following basic instructions:

"In event possibility foreseen urtel 789 June 29 materializes make no commitments, report circumstances and await instructions. Dept not position make statement pending clarification situation basis your full telegraphic reports developments which are urgently awaited." (860H.00/6-2948)

³ See telegram *infra*.

860H.00/6-2948: Telegram

The Military Attaché (Partridge) and the Naval Attaché (Sweetser) in Yugoslavia to the Secretary of State¹

TOP SECRET URGENT

BELGRADE, June 29, 1948.

180. A. We might be asked any minute the following questions:

1. Will the West support Tito against Russia? If so, then how?
2. Diplomatically through UN, economically, or with direct military action?
3. How soon and to what extent in each respect?

¹ This message was directed to various appropriate military and naval commands in Washington and Europe for action or information and to the Department of State for information.

4. What commitments or guarantees must Tito make in return for such support? Request answer soonest.

B. Recommend boldest possible exploitation of this defection in the keystone of Soviet satellite structure. Believe Tito cannot long withstand Soviets alone. Believe that if he really wants to try and is given full support from the West he would have good prospect of a success which would lead to the solution of our major problems in Europe.

C. Recommend no action by US other than propaganda until approached by Yugoslavs then prompt and positive response. See today's Embtel number 789.

[PARTRIDGE and SWEETSER]

860H.00/6-3048 : Telegram

The Chargé in Yugoslavia (Reams) to the Secretary of State

TOP SECRET NIACT

BELGRADE, June 30, 1948—5 p. m.

799. Following prepared in consultation with MA and NA.

Please pass to Defense. Defense pass to European Commands.

Situation now clarified to following positive extent (Deptel 336, June 29):¹

(1) Tito has decided to stand firm. Yugoslav CP statement last night² not only specifically denied every Cominform charge but challenged Soviet CP itself on its own organizational democracy, anti-party activity, and Marxist doctrine. Today draft Yugoslav CP program was published for party congress July 21 and each policy under fire from Moscow was reaffirmed.

(2) Utter calm continues locally. Neither government nor public displaying nervousness. No new public security measures apparent. International Telephone and Telegraph circuits open. Road blocks not increased and only normal checking limits free movement. Train schedules kept. Air force units at Zemun³ not visibly affected. Local garrisons do not appear reinforced. Perhaps there are even fewer soldiers on streets.

(3) There have been no government changes announced. Tito on good evidence is now in Belgrade and his political position seems entirely stable. Thus far he has carried Politburo, Central Committee, and Peoples Front with him and no splintering has been discernible.

(4) Tito still firmly controls all military, para military, and police organizations and may be presumed to have neutralized all known pro Soviet opponents therein.

We hazard that nothing short of Soviet-supported armed insurrection or open invasion can presently dislodge Tito. We know of no

¹ Not printed, but see footnote 2, p. 1076.

² For the text of the statement by the Central Committee of the Communist Party of Yugoslavia, June 29, 1948, see *Documents on International Affairs, 1948-1949*, pp. 397-404.

³ Airfield at Belgrade.

sign of such revolt at this time and believe any armed opposition to regime is as local and scattered as heretofore. No indication of immediate Soviet military action. We believe Yugoslav military and security organizations would remain loyal to Tito against Soviet invasion, although if improbable revolt of national scope could once get started with emergency leader who could rival Tito, these forces would partially disintegrate. We consider evidence of western readiness to support Yugoslavia as UN member will strongly influence Soviet course. Tito could not, of course, withstand Soviet invasion with [out] major help from west.

Important to emphasize whole matter being treated party affair with no acknowledged advance to diplomatic or government levels. No indication yet formal eastern European relations will be affected. Tito's stand today is essential for national Communism and the autonomy of the Yugoslav CP. His claim to independent leadership built on party he has organized and mastery he has won is as basic issue as could confront Kremlin. Temporization is possible; compromise is not. Today Tito seems master in his own Communist house and Stalin cannot oust him quickly without war.

In all this eruption one fact predominates. No event could be more momentous for the attainment of our foreign policy objectives than the permanent alienation from the Soviet of this key regime.

Sent Department 799, Department pass Moscow 151, repeated Trieste 79, London 137, Paris 120, Rome 126.

REAMS

860H.00/6-3048 : Telegram

The Ambassador in the United Kingdom (Douglas) to the Secretary of State

TOP SECRET URGENT

LONDON, June 30, 1948—10 p. m.

2905. For the Secretary and Lovett from Douglas. Bevin¹ today told me that he had received word from Belgrade that US was considering, against the background of the Cominform action in regard to Yugoslavia, issuing a statement announcing our support for small countries.

Bevin suggests that we refrain from issuing any such statement until there has been an appreciation of the Cominform action and to have a clearer view of its considerations and significance.²

DOUGLAS

¹ Ernest Bevin, British Secretary of State for Foreign Affairs.

² Telegram 2505, July 1, to London, not printed, replied in part as follows: "Please assure Bevin Dept shares his view desirability withholding statement re Yugo developments pending further clarification and evaluation and has already instructed Emb Belgrade that sense." (860H.00/6-3048)

Policy Planning Staff Files

*Paper Prepared by the Policy Planning Staff*¹SECRET
PPS 35

[WASHINGTON,] June 30, 1948.

THE ATTITUDE OF THIS GOVERNMENT
TOWARD EVENTS IN YUGOSLAVIA

DISCUSSION

1. The defiance of the Kremlin by the leaders of the Yugoslav Communist Party creates an entirely new problem of foreign policy for this Government. For the first time in history we may now have within the international community a communist state resting on the basis of Soviet organizational principles and for the most part on Soviet ideology, and yet independent of Moscow.

If the Soviet satellite area disintegrates further, either now or in the more distant future, this situation may arise in other instances as well. For this reason, the attitude we take now may constitute an important precedent.

Furthermore, our attitude at this time may have an important influence on *whether* the rift between Tito and Moscow spreads to Russia's relations with other members of the satellite area or serves to weld those other members still more tightly to the Kremlin.

It is necessary, therefore, that this Department and its representatives abroad be extremely circumspect in the handling of all matters which might be taken to reflect this Government's attitude toward the Tito-Stalin imbroglio.

2. It is essential to bear in mind certain outstanding facts which are already apparent in this situation:

(a) Yugoslavia remains a communist state, dedicated to an ideology of hostility and contempt toward the "bourgeois capitalist world", and committed at home to government by the methods of communist totalitarian dictatorship. Its leaders have continued to demonstrate right up to this moment a sincere concern for the unity of the communist world in the face of "capitalist imperialism". It would therefore be a frivolous and undignified error on our part to assume that because Tito had fallen out with Stalin he could now be considered our "friend".

(b) The disunity within the communist world which has been demonstrated by these events must be profoundly humiliating and dis-

¹ This paper was approved by Under Secretary Lovett on June 30, 1948, and by Secretary Marshall on July 1. A circular telegram containing the conclusions set forth herein was dispatched to all diplomatic missions and consular officers on June 30. This paper was circulated to the National Security Council as NSC 18, July 6, 1948 for the information of the Council. By an action taken on September 2, 1948, the National Security Council concurred in the conclusions set forth in this paper (as designated NSC 18).

agreeable to *all* the parties concerned. Efforts will certainly be made, from one side or both, to patch up the rift for the sake of appearances. It is too early to hazard any guesses as to the success of these efforts. But it can be stated with assurance that even though they might be outwardly and momentarily successful, the damage done to the movement by this episode can probably never be entirely repaired. A new factor of fundamental and profound significance has been introduced into the world communist movement by the demonstration that the Kremlin can be successfully defied by one of its own minions. By this act, the aura of mystical omnipotence and infallibility which has surrounded the Kremlin power has been broken. The possibility of defection from Moscow, which has heretofore been unthinkable for foreign communist leaders, will from now on be present in one form or another in the mind of every one of them.

(c) The Russians will seek intently for any mistakes in the handling of this situation by the western countries which can be exploited as a means of bringing pressure to bear on Tito to come back into the fold and as a means of discouraging other satellite figures from following Tito's example.

If the western world now fawns on Tito this will be exploited by Moscow to arouse feelings of disgust and revulsion throughout the international communist movement and among Tito's own followers. This would help to undermine his position with his own followers and to bring Yugoslavia back into the fold. Such a course would also arouse strong, and justifiable, criticism in this country.

If, on the other hand, the western world is too cold toward Tito, ridicules him in his present international loneliness, and repulses any advances that may be made by him toward closer association with the west, this will be used by the Moscow communists as proof that foreign communists have no alternative but to stay with Moscow: that desertion only places them at the mercy of the wolves of capitalism.

CONCLUSIONS

1. The Department and all its representatives should observe extreme circumspection in discussing the Yugoslav differences with the Cominform. Bearing in mind that Yugoslavia is still a communist state and is still led by men who have consistently adopted an arrogant and hostile attitude toward this country and the western world in general, we should not detract from the dignity of our own position by exhibiting an excessive friendliness toward the Yugoslav leaders or indulging in exaggerated hopes that they will soon become an integral part of the western world. On the other hand, we should be careful not to create the impression that Tito has been held up to ridicule by the west just *because* he has been eliminated from the communist family.

2. The line which should be adhered to by representatives of the Department in private conversation, with respect to the attitude of this Government, should be substantially as follows:

This Government would welcome a genuine re-emergence of Yugoslavia as a political personality in its own right. Its attitude toward a Yugoslav Government which had cut loose from Moscow would depend primarily on the behavior of that government with regard to this country, to the other European countries, and to the international community in general. We recognize that Yugoslavia's internal regime continues to be one which is deeply distasteful to our people and that as long as such a regime exists, Yugoslav-American relations can never take on quite the cordiality and intimacy which we would wish. On the other hand, we also recognize that if Yugoslavia is not to be subservient to an outside power its internal regime is basically its own business. The character of that regime would not, in these circumstances, stand in the way of a normal development of economic relations between Yugoslavia and this country or—as far as we are concerned—between Yugoslavia and the countries of western Europe, provided Yugoslavia is willing to adopt a loyal and cooperative attitude in its international relationships. However, the question of Yugoslavia's economic relationship with the countries of western Europe who are participating in the European Recovery Program is primarily a matter for those countries themselves rather than for us. If the Yugoslavs should demonstrate a wish to establish better relations with the west, this Government would not stand in the way of such a development.

3. The line which should be adhered to by representatives of this Department in discussing the *interpretation* of events in Yugoslavia should be substantially as follows:

Tito's defiance of the Cominform does not mean that Yugoslavia has "come over" to the west. Yugoslavia remains a communist state and its negative attitude toward the western democracies is as yet unchanged. Efforts will certainly be made to patch up the differences between Belgrade and Moscow. It is too early to predict what the success of these efforts will be. In any case, however, the international communist movement will never be able to make good entirely the damage done by this development. For the first time in the history of the movement, a servant of the international communist movement controlling territory, armed forces and a political organization, has defied, with at least temporary success, the authority of the Kremlin. This example will be noted by other communists everywhere. Eventually, the non-Russian communists will come to appreciate that they have no future as the servants of Kremlin policies.

RECOMMENDATION

The Policy Planning Staff recommends that the above conclusions be made the basis of a guidance directive to the Office of the Assistant Secretary for Public Affairs, and of instructions to all diplomatic missions and to important consular offices, to the end that representatives of this Government will exhibit a uniform reaction to the recent developments in Yugoslavia.

860H.00B/7-148 : Telegram

*The Ambassador in the Soviet Union (Smith) to the Secretary
of State*

SECRET

Moscow, July 1, 1948—1 p. m.

1221. Cominform resolution, which Yugoslav Communist Party has now rejected, indicates first really serious crisis in the new "family" of Soviet states erected since war's end and will be a God-send to our propagandists.

Statement provides final proof, for those to whom such proof is still necessary, that the reorganized Comintern permits its members no more freedom than was the case within the old organization. It demonstrates fallacy of much-advertised freedom of the "people's democracies" in eastern Europe and confirms completeness of Moscow's intention to rule. Its discussion of basic agrarian objectives should enlighten the beneficiaries of the so-called "land reforms" carried out in Soviet zone Germany and various satellite countries as to their ultimate fate.

One of the most interesting questions at the moment is the degree to which specific criticisms given in Cominform resolution actually cover the differences which have arisen between the wayward child and its parent, mother CPSU. Though only speculation seems possible for the time being, the following possibilities might be mentioned: proposed Danubian, and particularly Bulgar-Yugoslav-Albanian Confederation, which Tito evidently never actually disavowed and which seems still to be objective of his ambitions, support of Markos, practical worth of which Yugoslavs may have already decided against in contrast to their Soviet brothers, differences, especially trade with western world and possibly as regards ERP participation; and apparent ambition of Tito to play dominant role in Balkans, together with his vanity and strong personality. Apparent differences of opinion regarding site of Danube River Conference presumably a result rather than cause of the rift which has now developed.

Both text of Cominform declaration and prompt reaction from Belgrade suggest this rift had reached such serious proportions that Kremlin felt it could no longer be kept secret, possibly fearing Yugoslavs would themselves make some public statement if Cominform did not do so first. Cominform statement thus represents last minute attempt rally world Communist forces including the faithful within Yugoslavia, against first member who had temerity to challenge Moscow authority.

Though western powers should obviously do everything possible encourage the rebellious child, it is questionable if he can hold out

for long against Soviet-Communist efforts which must now be made to cleanse the Yugoslav Party, although it is to be hoped he will be successful. Situation may well become one which we can exploit by more propaganda. Will comment fully on Moscow press reaction.

SMITH

860H.00/7-248 : Telegram

The Ambassador in the Soviet Union (Smith) to the Secretary of State

SECRET

Moscow, July 2, 1948—5 p. m.

1233. Although very little Soviet comment thus far on Yugoslav situation and nothing whatever on Yugoslav reply subject occupies attention of diplomatic corps here almost to exclusion of everything except Berlin. Yugoslav mission, interrogated by US press representatives apparently completely disconcerted and groping for explanation, falls back on usual line of honest party disagreement among comrades. (Ambassador left here several weeks ago.) Italians at once began to worry about Trieste. Most others feel break highly significant, that Tito will endeavor to maintain position but that his days and those of other denounced leaders likely to be numbered. I am not by any means sure of this. My observation of Yugoslavs during war and later on brief visits of Tito and staff to Moscow impressed me with their arrogance, truculence and independent attitude in marked contrast to that of other visiting satellite delegations. It is my opinion also that there is very little likelihood at this time of direct overt Soviet action. Kremlin will use subversion, propaganda and undermining tactics through party channels and might even attempt to foment party insurrection on national scope if suitable opposition candidate to Tito is available which would think unlikely now. Also can hardly believe there is much ground for British suspicion that whole affair might be "planned". Kremlin must realize it would take long time to establish Tito in position where he could persuade US to give economic aid to creaking Yugoslav five-year plan while great concern shown by Russian people and adverse effect elsewhere is indicative of high price which would have to be paid for such remote prospect. If this party breach authentic, as we believe, chances are that it will widen rather than narrow because of personalities involved and fact that Tito must realize that recantation would be prelude to his own official and probably personal demise and that of his main supporters. At same time BBC reported Yugoslav appeal direct to Stalin suggests Tito appreciates basic isolation and sees only hope that Stalin might disavow Cominform action or make face-saving offer.

However, appears to US such disavowal by Stalin highly unlikely at this date.

Sent Department, Department pass Belgrade as Moscow's 30.

SMITH

860H.00/7-248

*Memorandum of Telephone Conversation, by Mr. Frederick T. Merrill
of the Division of Southern European Affairs*

SECRET

[WASHINGTON,] July 3, 1948.

On instructions from his Government, Mr. MacLean¹ called to inform the State Department of the Foreign Office's instructions to its Chargé in Belgrade should overtures now be made by the Yugoslavs for economic assistance, etc. (See London's 2946 July 2).² The Foreign Office believes all such approaches by the Yugoslavs should be viewed with suspicion and it endorses the Embassy's view that there is no reason yet to change UK policy toward Yugoslavia.

The British Chargé is being instructed, if overtures are made:

(a) to express willingness to listen and to refer the substance of any Yugoslav approaches to London;

(b) to state that he has no specific instructions and can offer no personal opinions;

(c) to add that the reactions of HMG will undoubtedly be conditioned by deeds and not professions.

[FREDERICK T. MERRILL]

¹ Donald D. Maclean, First Secretary in the British Embassy.

² Not printed.

800.00 Summaries/7-648 : Circular telegram

*The Secretary of State to Certain Diplomatic Offices*¹

TOP SECRET

WASHINGTON, July 6, 1948—9 a. m.

TopSec infotel. Chargé Belgrade reports that during arranged conversation with Yugo official who apparently came to meeting well briefed and with blessing of top Yugo auths he was asked specifically what attitude Yugo could expect from US in future. Official stated that Yugos unable to understand why our attitude had not softened during past six months since they had assumed we would have been aware of increasing tensions between Yugo and USSR. He insisted that US press and radio should be careful not to offer glowing promises of future aid to Yugo nor should there be violent attacks on Tito

¹ This telegram was sent to Athens, Berlin, Bucharest, Budapest, London, Moscow, Paris, Rome, Sofia, Vienna, and Warsaw.

or present regime, since either course of action, he said, would make most difficult steps which Communist party in Yugo hoped to be able to take. He maintained that Yugo would continue firmly on its present course and that its policy would be fully supported in forthcoming Communist Congress in Belgrade and by people as a whole. When our Chargé commented that he assumed Yugo in any event would not participate directly in ERP, official interrupted to ask why it should not, and Chargé replied that he assumed Yugo did not wish to do so. Official also stated that Yugo was extremely anxious to liquidate Greek situation as soon as possible since Greek refugees placed intolerable burden on Yugo economy. He added that he felt quite certain USSR was not now particularly interested in Greece. When our Chargé remarked that Greek situation could easily be liquidated if Yugo aid were discontinued, official insisted that there would be no Yugo aid.

MARSHALL

Department of Defense Files : Telegram

The Under Secretary of the Army (Draper) to the Secretary of the Army (Royall)

SECRET PRIORITY

VIENNA, 6 July, 1948.

SVC 684. From ComGenUSFA ¹ Vienna Austria from Under Secretary of Army Draper sgd Keyes to Department of Army personal eyes only for Royall.

1. Lacking information regarding Washington evaluation of significance Yugoslav developments and what strategy is contemplated by our government to exploit situation to fullest, I suggest that following information and tentative suggestions be given consideration in connection with State-Army appraisal of and approach to situation.

2. View of many observers here is that Yugoslav developments may represent a real and serious breach between Tito government and Moscow which even if patched up may continue to be source of irritation and mutual distrust. This view derives from numerous aspects of situation interpreted here as significant including strong character of Tito and traditional independence Yugoslavs as well as overt acts of hostility including arrest and possibly execution certain leading Communists.

3. Local observers reason from this that Soviet may initiate drastic steps to bring Tito government into line and that if strenuous diplomatic and psychological efforts fail the possibility of prompt and force-

¹ Lt. Gen. Geoffrey Keyes, Commanding General, United States Forces in Austria.

ful military measures should not be overlooked. Latter might take form of establishment and support of independent government of faithful Communists thus provoking internecine struggle or fratricidal war.

4. There is considerable support for view that Yugoslavia is anxious obtain economic and other benefits from closer relationship with west and that Tito may be making a play for ERP. Upon this assumption, and further assumption that it would be to our interest to encourage any attempted reorientation with western European countries and thus do what we can to assure that the breach between Yugoslavia and Soviets will reach full maturity, I should appreciate receiving State-Army reaction to the following suggestions.

5. That an unofficial, informal and oral approach be made by appropriate United States representative designated by Mister Cannon in Belgrade, to responsible representative of Tito, for purpose ascertaining whether Tito desires discuss improved relations with west and if so to give some indication of our willingness to consider development of trade relations and extension of economic aid. This initial approach would be as secret and discreet as possible in order :

(A) To avoid embarrassing Tito by public evidence of western "interference",

(B) To leave way open to denial of official approach if Tito reaction hostile or generally unfavorable, and

(C) To avoid adverse reaction upon Greeks, Italians and other western European nations which might object to unilateral United States approach and action.

6. If a favorable reaction should be received from an initial approach such as outlined above, both Harriman² and myself, as well as Wisner,³ would be available to visit Belgrade if this should seem desirable or appropriate, assuming of course that such a visit could be properly cleared by Cannon. The purpose of this visit would be largely for psychological effect, but would also afford excellent opportunity to evaluate the situation and possibilities for further maneuvering. Harriman's presence would in my mind have electrifying effect not only in Yugoslavia, but in other satellite nations which are thought to be restive and perhaps are seeking relief from the oppression inherent in satellites position within Soviet orbit.

7. Harriman, Wedemeyer⁴ and Wisner have carefully considered all the implications in this proposal and agree with me that it may provide an excellent opportunity to gain important and timely psycho-

² W. Averell Harriman, United States Special Representative in Europe under the Foreign Assistance Act of 1948.

³ Frank G. Wisner, Deputy to the Assistant Secretary of State for Occupied Areas.

⁴ Lt. Gen. Albert C. Wedemeyer, Deputy Chief of Staff for Plans and Combat Operations, General Staff, United States Army.

logical advantages. They also agree that it would not be appropriate for Wedemeyer or members of his group to visit Belgrade at this time since this might suggest an unwarranted and undesirable military significance. Perhaps this same thinking eliminates me as well.

8. Keyes and Erhardt⁵ concur.

9. Harriman concurs with comments but he doubts that events will move fast enough to have high level talks in Belgrade during my present European visit. He believes chief value of suggested approach is possibility it will stiffen Tito's resistance to Kremlin domination.

10. All of above may be none of my business, in which case please so advise me and then forget it.

⁵ John G. Erhardt, Minister in Austria and Political Adviser on Austrian Affairs to the United States High Commissioner for Austria.

711.00 Policy Statement/7-648

*Memorandum by the Secretary of State to the Secretary of the Army
(Royall)*

SECRET EYES ONLY

WASHINGTON, July 7, 1948.

I have considered Under Secretary Draper's telegram SVC 684 of July 6, 1948 from Vienna¹ and appreciate the suggestions contained therein with regard to possible action in the light of recent developments in Yugoslavia. However, I feel that the situation is too fluid at present for us to undertake now the steps General Draper proposes.

I am enclosing a copy of a paper prepared on June 30² which summarizes the circumstances and issues as evaluated by our officers and concludes that, for the time being, it is desirable that we avoid injecting this country into this Communist dispute, at least pending further clarification. A telegram from Mr. Bevin, also of June 30,³ indicates that the British share our attitude that a further appreciation of the situation is necessary before we can determine what course we should pursue.⁴

G.[EORGE] C. MARSHALL

¹ *Supra*.

² Policy Planning Staff Paper No. 35, p. 1079.

³ See telegram 2905, June 30, from London, p. 1078.

⁴ In a memorandum of July 9, 1948, Secretary Marshall reported as follows to Under Secretary Lovett on decisions taken by the Cabinet:

"I went over the Yugoslav situation particularly as to Draper's proposal and Harriman's message to me. The President was in agreement with our stand in the matter and apparently so were the other Members of the Cabinet." (860H.00/7-948)

For a summary of Ambassador Harriman's views, see telegram 830, July 21, to Moscow, p. 1093.

840.50 Recovery/7-748: Telegram

*The United States Special Representative in Europe (Harriman)
to the Secretary of State*

SECRET URGENT

PARIS, July 7, 1948—9 p. m.

Repto¹ 52. Personal for Marshall from Harriman. I have read with interest circular information telegram July 6, 9 a. m. Assume you have seen Draper's telegram² to Department of Army recommending that Chargé Belgrade make indirect approach to Tito indicating our willingness to discuss improved economic relations. Since Yugoslav official has approached Chargé I recommend for your consideration, provided Chargé is satisfied that official spoke with Tito's authority, that Chargé be authorized to have immediately further informal conversation with Yugoslav official indicating a willingness on our part to discuss at the appropriate time the possibility of improvement in our trade and economic relations. The value of this approach might be in the possible stiffening of Tito's resistance to Kremlin pressures. I do not suggest that we actually enter into anything in the character of negotiations unless the situation is clarified along the lines indicated in circular June 30, 6 a. m. I gather from information telegram July 6 that Chargé offered little if any encouragement to possibility of improvement in our economic relations. I am fearful that this seeming lack of interest on our part may adversely effect Tito's current actions.

HARRIMAN

¹ Telegram series indicator for messages from Ambassador Harriman in Paris.

² Dated July 6, p. 1085.

860H.00/7-748: Telegram

The Chargé in Yugoslavia (Reams) to the Secretary of State

SECRET

BELGRADE, July 7, 1948—11 a. m.

849. It is now possible to attempt evaluation Yugoslav-Cominform crisis. Unfortunately analysis mostly will be largely conjectural since facts continue elusive.

Plot thesis considered and rejected by Embassy. Action overtemperate, Yugoslav reaction too spontaneous and too much in accord national characteristics for thesis to be tenable. Results thus far so damaging Communist prestige and aims that could be justified only if eventual benefits decisive. Believe normal precautions part western powers could be expected keep any benefits to minimum.

Real breach exists between Yugoslav leaders and Cominform and between Yugoslav CP and CP's of Soviet Union and, at least for time being, on curtain countries and rest world as well. Breach has drama-

tized more effectively than any event we might have hoped for nature of Cominform, dictates of political allegiance and authority within Soviet system, and subordination of other national requirements to Soviet military planning. These elements are abundantly illustrated in Cominform resolution and Yugoslav reply and as they appear in subsequent statements they will provide us with major informational theme of unrepachable authenticity. Our concern must be the avoidance of that public support and approbation which at this time could only weaken Tito's influence among other CP's. From this standpoint and that of our local maneuverability I should like express wholehearted appreciation Department's policy directive Depcirtel June 30.¹

It appears certain real cause or causes of split must have been issues of most basic nature. Assuming correctness Yugoslav claim Cominform resolution but repetition charges Soviet letter March 27,² we hazard decision to break Tito taken prior that date and succeeding developments only tactical. Sometime after Peoples Front Congress last September when Tito presumed lecture other CP's on proper organizational principles along lines Kremlin was discarding through period when Yugoslav CP overshadowed all others including Bolshevik in early Cominform *Journal* issues, and including time last January February of Dimitrov castigation and self-abasement re Balkan federation when Tito remained silent and apparently unperturbed, it must have become evident another power center was in making. This to Soviets would admit no compromise.

Current affirmation and denial ideological differences or deviations can scarcely have had decisive role. Soviet charges and demands for change while possibly sop for party's idealistic doctrinaires are important only as evidence that as early as last March Kremlin sought to impose on Tito program of self-destruction. Once Bolshevik indictment written Tito had alternative of abdication or self-strangulation. Soviet criticism of lack party democracy in Yugoslavia was essentially demand for more latitude for Zujovic and Hebrang followers to undermine Tito. Charge of anti-Soviet bias of Yugoslav CP leadership was request for more room for Soviet agents to work and indication of new directions planned for Yugoslav CP. Claim of derogation role Red Army was demand to minimize struggle of Tito's partisans and so dissolve great emotional appeal of Tito as war leader. Charge of neglect class struggle and failure to emphasize working class was attempt to turn Tito to precipitate adventures against peasants thus

¹ Not printed; it contained the text of the conclusions of Policy Planning Staff paper PPS 35, June 30, p. 1079.

² Reference is to the communication of March 27, 1948, from the Communist Party of the Soviet Union to the Yugoslav Communist Party; for text, see *Documents on International Affairs, 1947-1948*, pp. 350-354.

undermining him throughout country. Note Cominform reservation that collectivization is nonetheless slow process demanding long preparation as indication that when peasantry thoroughly aroused some new Soviet-elected leader might appear as peasant champion against Tito. Note also abruptness Cominform dismissal recent Yugoslav tributes to Red Army and new leftist legislation.

Succeeding events have reinforced our impression that Cominform demands were never intended to indicate real nature conflict or provide basis for its composition. Immediate and intensified Bulgarian and Albanian responses strongly indicate coordination with original Cominform resolution in triple attack on Tito's federation heresy, in area Tito had staked out for his own, and suggest that this was single most important cause. Contributing factors can be found in Peoples Front organization (only issue we found substantial in original resolution), Tito's ego and individualism, and possibility admittedly unconfirmed Soviet intention consolidated adoption by *de facto* or *de jure* incorporation all or some curtain countries. Yugoslav refusal aid such proposal may be assumed. To what extent Yugoslav policies regarding Markos, Trieste, and Italian elections lagged behind or outran Soviet desires are unknown elements.

Most difficult to explain is awkward handling of situation by Soviets. They must have believed Tito could be easily broken or would bend and that resignation prior or during Cominform meeting would be forthcoming and could be accepted as interim measure. Once at meeting and with Yugoslav June 20 letter³ before them refusing summons, their hands may, of course, have been forced by necessity firm action for benefit attending disciples. We can find here only curious dualism in Soviet intelligence. In its defensive or retentive phases there was brilliant performance in circulating these charges among nine countries from March to June without leakage to outside world or definite suspicions aroused until mid-June (Embtel 746, June 18). But in its offensive or acquisitive aspects Soviet intelligence in the Yugoslav affair must be accounted to have blundered badly. Depending on local Soviet Embassy, or inept agents, or Zujovic-Hebrang wishful reportage, it discounted those elements which made situation unprecedented, overrated Soviet influence, forgot history and soul of Yugoslav people, and presented Tito set ready-made issues with which he is likely to emerge as greatest Yugoslav hero since 14th century.

For moment all this is party matter. Rift has reached government level only with Albania and tentatively with Czechoslovakia. Djilas⁴

³ Reference is to the communication of June 20, 1948, from the Central Committee of the Yugoslav Communist Party to the Conference of the Communist Information Bureau (Cominform); for text, see *Documents on International Affairs, 1947-1948*, pp. 387-389.

⁴ Milovan Djilas, member of the Politburo of the Yugoslav Communist Party and Minister without Portfolio.

in his *Borba*⁵ has not hesitated to lash out at Communist leaders and Communist press in any country other than Russia but it can be assumed this reticence will last only until Soviet leaders or press see fit enter arena on own. But if our analysis be correct, conflict between Kremlin and Tito is now irrepressible and Soviets must inevitably exert their strength in attempt supplant Tito. Inexorably the pressure of power will move Tito eventually toward west and forms of accommodation with non-Soviet world.

We are now essentially in interim period. Probable that nothing will happen until after party congress and Danube conference which may set stage for extent and pace post rupture developments. Yugoslavs will undoubtedly play waiting game until they abandon hope of dualism in Communist theory or until Russians force issue. Loyalty to Marxist-Leninist ideals will be affirmed and reaffirmed. So long as Russians keep quarrel on party level Soviet policies will be supported. Imperialism and the west will be subject to vigorous but probably decreasing criticism. Their interim strategy will probably be to avoid open quarrels with west and attempt obtain considerably expanded trade with US and UK.

Russians have number of possible courses action open but no [apparent omission] is improbable since it involves risk general war and even success would bring complications which would make gains illusory. Love feast between Tito and Stalin attended by corpses Zhdanov and Malenkov⁶ would hardly be enjoyed by participants and still would leave basic dispute unsettled. Open economic sanctions, hinted at by recent Albanian action, are unlikely since they would increase tempo of turn to west. Least dangerous and most probable action is another cold war accompanied by implied threats of direct action. Agents could be infiltrated to undermine Tito's position and covert economic sanctions could be employed.

Our position must depend more on Soviet tactics than on Yugoslavia's. Split is of such potential importance that any threat of direct action by Russia against Yugoslavia should call for quick and decisive action on our part in support of Yugoslavia. Otherwise believe that we should follow waiting line with one exception. Encouragement should be given quietly to development trade in items not possessing definite war potential.

These issues and their strategies will come to their first testing at Danube Conference, implications of which both in immediate and

⁵ Newspaper of the Yugoslav Communist Party.

⁶ Andrey Aleksandrovich Zhdanov, member of the Politburo and Organizational Secretary of the Communist Party of the Soviet Union, and Georgiy Maksimilianovich Malenkov, Soviet Deputy Prime Minister and Secretary of the Communist Party of the Soviet Union.

long range aspects would now seem require reexamination. My next telegram comments this development.

Pass to Defense.

Sent Department 849; Department pass Moscow 160; repeated London 143, Paris 124, Rome 132, pouched Sofia, Budapest, Bucharest, Warsaw, Trieste, Athens, Vienna, Berlin.

REAMS

840.50 Recovery/7-848: Telegram

The Secretary of State to the United States Special Representative in Europe (Harriman), at Paris

SECRET

WASHINGTON, July 8, 1948—7 p. m.

2532. Appreciate recommendation contained urtel Repto 52 July 7¹ concerning Yugoslav situation. However, as I have already informed Royall² in response his reference Draper's telegram³ to me believe situation too fluid at present for us to undertake steps Draper proposes. Accordance Circular Telegram June 30 6 AM⁴ agree that we should not discourage an approach by Tito but question whether conversation with Chargé mentioned infotel July 6 9 AM⁵ constitutes such initiative. Infotel omitted mention that Yugo official concerned was Secretary Yugo journalist society. In any case infotel also omitted to state that Chargé indicated no reason why worthwhile trade between Yugos and Western Europe and between Yugos and US could not be built up over period time, position which should, I think, provide encouragement you suggest to degree desirable pending further clarification situation.

MARSHALL

¹ Ante, p. 1088.

² Communication from the Secretary of State to Royall, July 7, p. 1087.

³ Ante, p. 1085.

⁴ Regarding the message under reference here, see footnote 1 to Policy Planning Staff Paper 35, June 30, p. 1079.

⁵ Ante, p. 1084.

840.50 Recovery/7-948: Telegram

The Secretary of State to the United States Special Representative in Europe (Harriman), at Paris

SECRET

WASHINGTON, July 9, 1948—1 p. m.

2539. For Harriman from Marshall. Department's telegram 2532¹ inadvertently dispatched without my seeing. While I agree with views

¹ Supra.

expressed I have some further comments. Chargé Belgrade had not seen Deptcir June 30² when he spoke with the Yugo official. He received it immediately afterward and subsequent message from him (124 to Paris³) indicates that he understands very well position of this Govt concerning western trade with Yugo. We are sure that if further approaches are made Chargé will handle them strictly in accordance with Dept's June 30 circular. We do not feel that Chargé should take initiative in inviting further discussions along these lines at this moment.

MARSHALL

² Not printed: it contained the text of the conclusions of Policy Planning Staff paper 35, June 30, 1948, p. 1079.

³ Same as telegram 849, July 7, from Belgrade, p. 1088.

Editorial Note

On July 19, 1948, the Governments of the United States and Yugoslavia signed in Washington an agreement providing for the settlement for American property nationalized in Yugoslavia and other outstanding pecuniary claims between the two governments and an agreement providing for the settlement of lend-lease accounts and for pre-UNRRA aid furnished to Yugoslavia by the United States. At the same time the United States Treasury unfroze Yugoslav assets in the United States. The agreements were the result of discussions in Washington between a special mission of the Yugoslav Government and representatives of the Department of State begun in May 1947. The general outlines of the agreements had been settled on June 11, 1948, but final signing was postponed until the Yugoslav Government approved the relevant documents. For the texts and a summary of the agreements, see Department of State *Bulletin*, August 1, 1948, pages 137-140. The Department of State announced on September 13, 1948, that there had been received from the Yugoslav Government a check for \$17,000,000 in accordance with the agreements under reference here.

860H.00/7-1048: Telegram

*The Secretary of State to the Embassy in the Soviet Union*¹

TOP SECRET

WASHINGTON, July 21, 1948—1 p. m.

830. For the Ambassador's eyes only. We here all in full agreement desirability utmost circumspection in present Yugoslav situation and,

¹ A substantially identical message was sent to London as telegram 2845, July 21, not printed.

in line policy set forth Dept Circlet June 30, 7 pm,² we feel that, while we should not repulse any advances made by Tito toward closer association with the West, we should await Tito's approaches and should handle such approaches for economic assistance on merits, in light prevailing considerations each case. On basis that policy we have welcomed satisfactory conclusion July 19 of long standing US-Yugos financial negotiations, we have approved Yugos request to AMG Trieste to purchase certain petroleum supplies and are gratified similar British response to Yugos desire to purchase petroleum from UK. London's 3105, July 10³ and 2920, July 1⁴ seem to indicate British concur our thinking and according Sforza⁵ Italians take parallel view.

Ambassador Harriman generally concurs policy of Dept circlet abovementioned. However, he believes that, in effort strengthen Tito's determination resist Moscow, advisable we take steps provide more positive encouragement as to measure economic aid we are prepared to extend Yugos at least on short term. Specifically, he urges that we take initiative in secret approach Tito stating we disposed enter discussions with him any subject he might desire. Harriman would envisage offering dispatch one or two tankers if necessary keep Tito's air force or military transport operative and tell him if he is attacked we would furnish him supplies by sea or parachute. If Tito desires comprehensive trade treaties or loan, Harriman would inform him that, while we will consider such request, prior evidence his good faith in regard various aspects present Yugos policy, for example revision Yugos position of aiding Markos, would be conditions precedent. Harriman's reasoning predicated conviction that Yugos defection major deterrent to attack against western powers by Soviets who unlikely embark military venture so long as their Balkan bastion thus insecure.

Your personal comments Harriman's analysis and suggestions in light your previous estimates (urtels 1221, July 1, 1233, July 2, etc.,) will be appreciated.

MARSHALL

² Not printed; it contained the text of the conclusions of Policy Planning Staff paper 35, June 30, 1948, p. 1079.

³ Not printed; it reported that a British Foreign Office official, in commenting on the attitude that the Western powers should adopt toward Yugoslavia, stated that the Foreign Office believed "we should try 'to keep Tito alive and kicking' so long as this could be done quietly and providing, for the time being, it involved no overt or public action on our part." (860H.00/7-1048)

⁴ Not printed.

⁵ Telegram 3051, July 16, from Rome, not printed, reported that Italian Foreign Minister Carlo Sforza had suggested that he hoped that the various governments such as the United States would not take steps openly to assist or support Tito because this might interfere with the natural forces of this schism and provide some basis for questioning Tito's sincerity (860H.00/7-1648).

840.50 Recovery/7-2248

Mr. Frank G. Wisner, Deputy to the Assistant Secretary of State for Occupied Areas, to the United States Special Representative in Europe (Harriman)

TOP SECRET

WASHINGTON, July 22, 1948.

DEAR MR. HARRIMAN: I am writing to you at the suggestion of Mr. Lovett and in order to inform you more fully with regard to certain aspects of the Yugoslav situation, which was one of the main subjects of your conversation with Bill Draper, Bill Foster,¹ Tick Bonesteel² and myself on Saturday, July 17.³ I understand from Bill Draper that he has advised you by cable that he called upon the President on Monday and conveyed to him the substance of your views and recommendations regarding the Berlin and Yugoslav situations.⁴ He was accompanied by Messrs. Lovett and Royall on this occasion, Mr. Lovett having previously had an opportunity to discuss your views and recommendations with General Marshall.

I believe that you will be interested and gratified to hear that the policy of our Government has been and still is to respond to such overtures as may be made by the Tito government in such manner and to such extent as is considered most appropriate in each particular case, and that measures have actually been taken of the kind which are calculated to stiffen the Yugoslav will to resist without at the same time involving the United States in any embarrassing commitments or prejudicing Tito's position within his own country. You will recall that you specifically mentioned the desirability of providing short-range "shots in the arm" in the nature of shipments of petroleum products if it should appear that such were greatly needed. Actually, there have been two recent indirect approaches by the Yugoslavs to ourselves and the British for the purpose of obtaining crude oil from us, and in both cases the requests have been promptly complied with. The amounts involved some 30,000 tons from A.M.G. Trieste, and 20/30 thousand from the United Kingdom. Moreover, you have no doubt observed the conclusion on Monday of agreements providing for the unfreezing of certain Yugoslav assets in the United States, including approximately

¹ William C. Foster, United States Deputy Special Representative in Europe.

² Lt. Col. Charles H. Bonesteel, in the Office of the Coordinator for Foreign Aid and Assistance, Department of State.

³ No record has been found of the substance of the conversation referred to here.

⁴ Documentation on the White House meeting of July 19 is included with the other materials on the Berlin crisis presented in vol. II, Chap. 4. That documentation does not, however, indicate the substance of the discussion regarding Yugoslavia nor the nature of Harriman's views and recommendations. Presumably those views and recommendations are the same or similar to those reported in telegram 830, July 21, to Moscow, *supra*.

\$47 millions of Yugoslav gold.⁵ I think you will agree that this was also a very "timely" development.

I find that it is the unanimous view of those in the Department of State who are principally concerned with the Yugoslav developments (and these include the Secretary and the Under Secretary) that under the circumstances it would be unwise for our Government aggressively to solicit requests for assistance on the part of the Yugoslav government. It is felt that the cumulative effect of the favorable responses with which Tito's requests have been met thus far should be sufficient to indicate to him that we are not unwilling to give favorable consideration to such further requests as he may see fit to make of us. Concern is felt on the score that for us to adopt a more aggressive policy would carry the risk of jeopardizing Tito's position with the Yugoslav Communist party, which is no doubt full of individuals whose true allegiance is to the Kremlin and who would not hesitate to make anti-Tito capital of any evidence coming into their hands that the Western Powers, and particularly the United States, are seeking to support Tito. The uncertain loyalty of almost any given member of Tito's entourage makes the secrecy of any approach very unsure and is regarded as another factor rendering it better to employ to the fullest extent in helping Tito, negotiations which had their origins prior to the Yugoslav defection and by responding to such bids as Tito himself may feel safe in making for our support. Moreover, there is involved the very important consideration of the rectitude of our position and the attendant necessity for avoiding the appearance of a headlong rush to the support of a government which we have consistently condemned for its policies and practices in respect of political persecution and the general denial of individual liberties, etc.

Finally, you need have no doubt whatever that the Yugoslav development has received the top level consideration in this Government which is commensurate with its importance. This development was immediately identified by the State Department's Russian and Cominform experts, including particularly Messrs. Bohlen, Kennan and Llewellyn Thompson, as a break of the greatest significance—probably the most important single development since the conclusion of hostilities as far as internal Soviet and Communist internal affairs are concerned, on a plane with the Trotsky fall from grace.

Thank you very much for the courtesies which were extended to us by yourself and the various members of your staff during our two visits to Paris, and most particularly for the excellent luncheon which we enjoyed at your apartment.

Sincerely yours,

FRANK G. WISNER

⁵ Regarding the agreement under reference here, see the editorial note, p. 1093.

860H.00/7-2348: Telegram

The Ambassador in the Soviet Union (Smith) to the Secretary of State

TOP SECRET PRIORITY

Moscow, July 23, 1948—11 a. m.

1398. For the Secretary's eyes only. Reference Secretary's 830, July 21. Policy outlined in Depeirtel June 30¹ with respect to Yugoslav situation has seemed to me correct even if slightly on the cautious side since in the present state of Yugoslav-Soviet relations it appears better for us to be a little overcautious than to appear overeager to draw Tito in our direction. We might easily do him great deal of harm by alienating sections of Communist support in Yugoslavia proper as well as such covert Communist support as he may have elsewhere in the Balkans. On the other hand, it seemed to me that if Yugoslav overture recently made to our Chargé Belgrade (infotel July 6) appeared bona fide it might have been received a little more warmly. Thus, while I still believe that any concrete approach should come from Tito, I think hints might be dropped in the proper quarters to effect that his overtures would not be summarily rejected. Also, I think development of Berlin crisis² now warrants a more positive attitude on our part than would be advisable under normal circumstances. However, with specific regard to Ambassador Harriman's suggestion believe we should say nothing to indicate our belief that Tito is likely to be attacked. As stated in one of my previous messages, I think this most unlikely, and such a suggestion on our part would have a bad effect. Any approach which we make should certainly be secret, preferably indirect (unless a really suitable occasion should arise to make it under cover of other legitimate business) and limited to an indication that overtures on his part might be received by us with sympathy. If this were decided upon it might be worth considering whether it could be done better by the British as they had a number of close contacts with Tito during the war.

SMITH

¹ Not printed: it contained the text of the conclusions of Policy Planning Staff paper 35, June 30, 1948, p. 1079.

² For documentation on the crisis arising out of the Soviet blockade of road, rail, and water routes into the Western sectors of Berlin beginning in July 1948, see volume II.

611.60H31/7-2648: Telegram

The Chargé in Yugoslavia (Reams) to the Secretary of State

SECRET

BELGRADE, July 26, 1948—10 a. m.

986. Olson, ex-Governor of California, has been here for several days. Embassy arranged interview with Bebler to whom he presented

letter introduction from Kosanovic. During conversation Olson expressed desire see Tito but stated realization difficulty in view Tito's preoccupation Congress matters. Bebler called later to state Tito glad receive Olson.

During interview last night Tito made two points which he authorized Olson give to press. Yugoslav Govt very interested in trade agreement with US but had not met with favorable US response. He stipulated that any agreement must not contain political conditions. Second point was that Yugoslavs are convinced that time will prove they are right in quarrel with Cominform and have no intention changing their line.

During interview Tito showed considerable interest in Marshall Plan and in Olson's insistence that plan designed solely to stabilize world economic conditions and had no political motivation. Olson assured Tito he would speak to President Truman immediately on his return re Yugoslav desire for trade agreement.

Tito also discussed Greece but I was unable get from Olson clear picture of discussion this question. Olson made point that our interest there was to stop Soviet aggression and that we were determined to stop it anywhere.

Safe to assume that Tito would have interrupted his Congress work only in order make some special point. Here it is obviously trade with US.

Sent Dept, repeated Moscow 186, London 150, Paris 135.

REAMS

860H.00/7-2748 : Telegram

The Ambassador in the United Kingdom (Douglas) to the Secretary of State

TOP SECRET

LONDON, July 27, 1948—8 p. m.

3431. I have grave doubts that we should make any secret approach to Tito (Deptel 2845 July 21¹). Such rift as exists is still entirely within curtain area and I know of no substantial indication that Tito has changed his attitude towards the west. There is a report in yesterday's London press that Yugoslav Vice Premier Kardelj made it clear to Yugoslav CP Congress that Tito would not change his foreign policy but would continue support Soviet anti-imperialist policy. I think our attitude should continue to be very cautious regarding Yugoslavia.

As bait to keep open the Tito-Cominform rift, which may prove a deterrent to Soviet action in other sections, I agree that as a cautious

¹ Substantially identical with telegram 830, July 21, to Moscow, p. 1093.

move and on a case by case basis in light of developing circumstances we should, if he approaches us, let Tito have a cargo or two of petroleum. Also there may be other things that we can do from time to time on the same basis. However, I suggest that we inform Tito that, as regards more permanent trade relations with US, a pre-condition is for Yugoslavia to adopt a foreign policy which rests on respect for the integrity of other countries, their frontiers, their right to determine the form of their internal regime, unobstructed by externally inspired activities and which is aimed at bringing Yugoslavia into the community of nations which holds that law and not force shall be the arbiter of international relations. As to ERP aid, the question is implicitly whether Yugoslavia should be admitted as a member of OEEC. This is a question for the participating countries to determine, so it seems to me. Obviously my judgment is purely vicarious.

In connection with foregoing I am not impressed with ex-Governor Olson's statements concerning Tito's interest in ERP and trade agreement with US (Embassy Belgrade 986 to Department ² and yesterday's London press).

DOUGLAS

² *Supra.*

860H.00/7-2648 : Telegram

The Secretary of State to the Embassy in Yugoslavia

SECRET

WASHINGTON, July 28, 1948—11 a. m.

415. For reasons adduced Depcirtel June 30,¹ any steps we may be prepared take to assist Tito will require most careful appraisal in light all prevailing circumstances. However, as indication appropriate overtures his part will receive prompt attention accordance merits, suggest you see Bebler at earliest suitable opportunity and inform him that in line our frequently expressed attitude concerning importance of development mutually beneficial trade relations as stimulus to economic recovery and establishment world peace, (1) we have noticed with interest Tito's remarks to Olson (urtel 986 July 26) regarding US-Yugo trade and (2) we will be pleased to consider any further comment or suggestions which Yugo authorities may wish to make available in elaboration of Yugo thinking in matter. (Sent Belgrade 415 rptd Moscow 868 London 2960 Paris 2862).

MARSHALL

¹ Not printed ; it contained the text of the conclusions of Policy Planning Staff paper 35, June 30, 1948, p. 1079.

860H.00/8-1248 : Telegram

The Ambassador in Yugoslavia (Cannon) to the Secretary of State

SECRET

BELGRADE, August 12, 1948—noon.

1078. Current lull in local political activities is attributable to Danube conference and we anticipate no disturbances surface calm while conference continues. Tito is remaining at Bled¹ and entire Politburo has dropped from public eye except for appearance Rankovic and Kardelj at Danube conference reception on tenth. There they talked openly but not with apparent cordiality to Vyshinsky.² It is possible Vyshinsky and subalterns are engaging in extracurricular conversations but we think Yugoslavs can be relied upon pointedly to demonstrate he is not visiting Rumania or Bulgaria. Yugoslavs line at conference is the predetermined one of displayed solidarity and renewed proof that they are Soviet Union's most energetic associate. We think it wholly erroneous regard their conference activities thus far as in any way linked to Vyshinsky or satellite pressure.

Below this surface lie several propaganda levels and below all of them an entirely new political situation is taking shape. It is important recognize extent and number these propaganda overlaps. First and most superficial is type represented by Danube conference where no hint Yugoslav schism has been permitted intrude and where Soviet bloc seems resolved to regard events of past six weeks as non-existent. Neither this type of spectacle nor current Yugoslav attendance Warsaw Youth Conference nor continuance conventional propaganda themes in Yugoslav press should obscure underlying evolution.

Slightly less frivolous is second level of analysis and reaction which holds entire matter as party dispute and insists on distinction between party and government in Communist affairs. This thinking apparently rests on assumption situation can be frozen as of June 29 at publication Cominform and Yugoslav CP statements.

More incisive but not yet realistic is third level represented by truce announcements of Cominform and Yugoslav leaders. While former express confidence healthy elements in Yugoslav CP will bring about changed policies or changed leaders, latter insist that Cominform action cannot change basic Yugoslav policy, that Yugoslav leaders will do everything possible liquidate differences between themselves and Soviet CP, and that reconciliation can be effected if Yugoslav CP is even more active in struggle against imperialism and reaction. Inference is that Soviet Union will eventually be forced acknowledge error

¹ Marshal Tito's vacation retreat on the Adriatic coast.

² Andrey Yanuaryevich Vyshinsky, Soviet Deputy Foreign Minister and Chairman of the Soviet Delegation at the Danube Conference at Belgrade, July-August 1948.

their charges and will in effect make public apology to Yugoslavs. These positions basically are projection doctrine hermetically distinct parties and governments and seem intended for consumption respective publics. Insistence on neither position offers real *modus vivendi*. Yugoslavs have maintained Soviet confidence in activity by "healthy elements" is actually invitation to civil war. And Soviets have made it clear Yugoslav CP is already outside family fraternal parties and that liquidation differences depends not on Yugoslav leaders actions but on their liquidation. Most importantly neither party has publicly considered its further steps if this interim truce fails to effect its anticipations.

Press of events, however, has in fact already carried both sides beyond their furthest public positions. The concept of party as an outer bulwark protecting intergovernment relations has been breached and is being undermined. Yugoslav-Albanian relations in their fields of full collaboration, Yugoslav-Bulgarian relations over the Macedonian future, Yugoslav-Yugoslav [*Hungarian?*] relations over Yugoslav minority rights have all attained government status. Publication and clandestine distribution Soviet and Yugoslav CP letters preceding Cominform break (Embtels 1036 August 3; 1054, August 5; 1068, August 7³) mark sharp deterioration Yugoslav-Soviet relations and show original disputes were clearly governmental and not party. Together with fact of interchanges on Tito-Stalin level this helps gauge distance of breach even before Cominform consideration.

Steady progression in deterioration on official level is not at all surprising. Personal psychology, national characteristics, and the international power situation all combine to make it impossible over long run to quarantine dispute within party limits. Moreover, history of schism whether in arts, religion, or politics demonstrates that parties to secession have generally been under stronger compulsion to destroy each other than to maintain common front against outer world.

In present lull and in developing new configuration we feel basic policy recommendations Embtel 849, July 7 still sound. Both respect to Yugoslav-Soviet relations initiative seems entirely in their hands and well practiced battle of nerves has been joined. Yugoslav efforts in reestablishing their status as second leading power international Communism as at Danube conference and before SC on Trieste must be opposed but whenever possible we should seek avoid position which will lessen Yugoslav importance vis-à-vis Soviet satellite.

³ None of these telegrams is printed. They reported upon the circulation within Yugoslavia of a Soviet pamphlet containing three letters of March and May 1948 from the Communist Party of the Soviet Union to the Yugoslav Communist Party and the subsequent publication by the Yugoslav Communist Party of the full exchange of letters with the Communist Party of the Soviet Union in March, April, and May 1948. The text of these letters is printed in *Documents on International Affairs, 1947-1948*, pp. 348 ff.

Re US-Yugoslav relations our informational program must still be our principal instrument. We must be prepared promptly to exploit any sudden situation particularly in current areas of border tension but time is not yet ripe, although it is progressively becoming so, for active and open intervention economically.

Sent Department. Department pass Moscow 201. Repeated London 158, Paris 148, Rome 154, pouched Sofia, Budapest, Bucharest, Warsaw, Trieste, Athens, Vienna, Berlin.

CANNON

800.00B Communist International/8-3148 : Telegram

The Chargé in Yugoslavia (Reams)¹ to the Secretary of State

SECRET

BELGRADE, August 31, 1948—9 a. m.

1177. Political implications Soviet-Yugoslav letters (Embdes PS 665, August 6, and 668, August 11²) make them of continuing importance for general problems of this area and for appreciation practical operation of Stalinism.

We will shortly forward detailed analysis correspondence and charges in light specific Yugoslav policies and actions past year. Meanwhile, following observations seem important.

Basic issue was attempt by Soviets at direct control Yugoslav Communist Party. All other matters of substance are secondary. Crisis was precipitated by Yugoslav resistance to Soviet espionage and subversion inside Yugoslavia. Open break came when Soviet officials here found they could not cope with Yugoslav security organs, when Soviet attempts to split Yugoslav leadership failed, and when Zujovich and Hebrang, acting as Soviet agents inside Yugoslav Communist Party, were discovered and arrested as traitors to nation and party. Withdrawal Soviet military and civilian specialists was its first manifestation.

This aspect of letters distinguishes them from public Cominform resolution and Yugoslav reply. Chief informational importance latter documents was their admission that Soviets regard land reform as being interim measure in eventual collectivization, popular fronts as designed only to facilitate complete Communist Party control, and Cominform not as voluntary information agency but as same organ of control as Comintern predecessor.

Purport of letters, however, is clearly that Soviet Communist Party demands same authority over foreign Communist Parties as it exer-

¹ Counselor Reams was in charge of the mission during Ambassador Cannon's absence from August 30 to October 20, 1948.

² Neither printed; they transmitted to the Department the texts of the Soviet and Yugoslav communications referred to in footnote 3, p. 1101.

cises over subordinate organs inside USSR and that foreign governments, even though headed by national Communist Parties, must submit to same Soviet espionage infiltration and subversion as is carried on against bourgeois enemy world. What Soviets demanded in Yugoslavia was freedom to gather information independently, to construct intelligence nets, and to develop party blocs whose first allegiance was to Soviet Union. This the Yugoslavs could not permit and retain independence of party or nation.

Thus arose fundamental issue: relation between Soviet Communist Party and other Communist Parties which are also governments of nations. On it there could be little room for compromise.

We think dialectical charges are less important and note that in early letters matters such as agrarian police [*policy*], class struggle, party management, received slight attention. Full dialectical indictment as published in Cominform resolution was not drawn up by Soviet Communist Party until May 4 after Yugoslavs announced arrest Zujovic and Hebrang on April 13, and after attempts first to split off Djilas, Vukmanovic,³ Kidric and Rankovic and then to drive wedge between Tito and Kardelj had been tried and failed. Thus charges regarding class struggle which occupy fully half Cominform resolution were passed over in single short paragraph of letters as late as April 13.

Soviet suspicions that their own espionage activities were not proceeding well because Anglo-American intelligence was too effective in Yugoslavia undoubtedly contributed to break. Note long passages regarding former assistant Foreign Minister Velebit, Yugoslav Ambassador to London Leontic, and others as British spies and regarding US Ambassador as master in Yugoslav house with his intelligence agents both increasing and moving about freely. These charges doubtless responsible for new Embassy restrictions and harassments in April and May.

Unsatisfactory trade relations contributed element resentment and it must have been bitter pill for Yugoslavs who had gone down line, albeit reluctantly, opposing Marshall Plan, to be told that their trade delegation on eve departure for Moscow in March did not need to make trip since matter would not be considered before end 1948. Soviet refusal to give any satisfaction in this regard during course of correspondence could not have improved affairs.

On timing Soviet attack and collateral issues, we find particularly significant final paragraph Yugoslav Communist Party's explanatory introduction "We did not enter into political and theoretical ques-

³ Svetozar Vukmanović-Tempo, Chairman of the Council for Mining and Power; Candidate-Member of the Politburo of the Yugoslav Communist Party.

tions—these questions, the disputable ones, are not in letters CC CPSU or in resolution of Cominform”, plus passage in resolution “Basis of mistakes made by leadership Communist Party lies in undoubted fact that nationalist elements which previously existed in disguised form managed in course past five or six months to reach dominant position in leadership Communist Party and that consequently leadership Communist Party has broken with international traditions Communist Party and taken road of nationalism.”

Suggested date origin conforms to our impression that relations between Soviet and Yugoslav Communist Parties were at least tolerable when Cominform headquarters set up in Belgrade last fall and that whatever caused conflict occurred subsequently. The disputable questions of principle we feel were those regarding status Yugoslav Communist Party and its relation to Soviet Communist Party, both as involving integrity and sovereignty within Yugoslavia and assertion of Yugoslav interests abroad.

Thus issue may well have begun to sharpen late last fall when Yugoslavs began playing big power role in earnest. They developed their treaty network in Eastern Europe prior to Soviet's Balkan treaties with ex-enemies and at least in pomp and publicity their exertions outshone subsequent Soviet efforts. Yugoslav trade delegates and missions were sent on tours Middle East. Yugoslav propaganda stressed “Balkan-Danubian federation” whose formal consummation might only be subsequent formality. Belgrade became site international conference and received visits foreign delegates last winter in increasing and unprecedented measure. And Yugoslavs gave every external indication of pursuing their own lines in Trieste, Austria, and Greece. Soviets were obviously unable to reconcile this new Yugoslav enterprise at home and abroad with their pattern for satellite conduct and attempted to increase their efforts to subvert Yugoslav leadership.

Our policy toward Yugoslavia in this new situation must be conceived almost exclusively in terms of its effect on USSR. If we are reluctant to accept theory of parallelism between present Soviet drive on Yugoslavia and 1937-38 purges in USSR as preparedness for war, we cannot disregard possibility. Our strategy should seek maximum exploitation increasing opportunities to widen gulf between Yugoslavia and USSR and extend Tito's influence among Soviet satellites. Ultimately Tito's brand of communism may well be more alluring to non-Communist countries than Stalin's; his nationalism may well be truer internationalism; but these possibilities are speculative and remote. The correspondence now available shows that the Tito rebellion has maintained itself for six months. It represents today the outstanding political possibility in the Soviet sphere. We must be prepared to

extend affirmative forms of assistance whenever situation shall require them.⁴

Sent Department 1177; repeated Paris 162, London 167, Rome 164; pouched to Sofia, Warsaw, Bucharest, Budapest, Praha; Department pass Moscow 213.

REAMS

⁴ Telegram 1939, September 10, from Moscow, not printed, commented that this message "provides excellent analysis Tito-Cominform conflict which from Moscow viewpoint appears thoroughly sound." (860H.00/9-1048)

800.00 Summaries/9-348 : Airgram

*The Secretary of State to Certain Diplomatic Missions*¹

SECRET

WASHINGTON, September 3, 1948—10:50 a. m.

US VIEWS ON YUGOSLAV APPROACH FOR OIL EQUIPMENT

The Department has been informed by three US oil well equipment supply companies that the Yugoslav Embassy here recently approached them with respect to purchasing quantities of drilling and auxiliary equipment in exchange for certain Yugoslav minerals and ores. After consideration we feel that, while now rendered less likely because of the Tito-Soviet rift, the possibility still remains that some of this equipment might go to the Soviets, who are desperately in need of such items. Yugoslav actions at the Danube Conference and in the Security Council indicated that they are still faithful supporters of Soviet foreign policy. In the light of these and other considerations we consider that the Yugoslav proposal, as now framed, appears unattractive. It is, however, conceivable that some or all of the oil equipment sought by the Yugoslavs may be of sufficient importance to Tito to provoke more significant concessions on their part, possibly of sufficient political magnitude to justify our favorable consideration of these exports. It accordingly seems advisable to us, in turning down the present proposals, to leave the door as open as possible to any further propositions the Yugoslavs might wish to make. We therefore plan to inform the US suppliers that, while a final determination of the US position regarding the exportation of this equipment would depend upon further consideration with other departments, the present short supply of certain of the material desired would make it difficult for us to recommend favorable action on such exports to Yugoslavia, but that

¹ This airgram was sent to the Embassies in Yugoslavia, the United Kingdom, France, and the Soviet Union.

we are of course interested in promoting trade and will be glad to consider any proposals which Yugoslav representatives wish to make.²

MARSHALL

² Yugoslav representatives continued to press their request for oil drilling machinery during the remainder of 1948. In a conversation on December 13, Walworth Barbour, Chief of the Division of Southern European Affairs, informed Yugoslav Ambassador Kosanović that in view of the complicated factors involved in the export of oil drilling equipment, the Department could not recommend issuance of appropriate export licenses. Kosanović was informed that the Department of State would consider carefully any other items which the Yugoslav Government was interested in importing. (660H.119/12-1348)

860H.00/9-1448 : Telegram

The Chargé in Yugoslavia (Reams) to the Secretary of State

SECRET

BELGRADE, September 14, 1948—4 p. m.

1245. We strongly disagree certain conclusions drawn Depcirair September 3, 10:50 a. m. re Yugoslav approach for oil equipment. All evidence here indicates equipment solely intended Yugoslav use under five year oil exploration and development program. USSR withdrew experts and equipment several months ago and Yugoslav approach intended obtain replacements to continue program halted by Soviet action prelude to Cominform resolution. Yugoslavia feels obliged continue drillings in face Albanian and Rumanian refusal ship oil.

While we recognize Yugoslavia remains faithful supporter as ever of Soviet foreign policy this fact hardly pertinent to case. It is much too early to think of extracting political concessions from Yugoslavs who are clearly unprepared to consider them and might well publicly denounce such approach to advantage own political ends re USSR.

We feel if critical Yugoslav ores and metals are obtained in exchange we would benefit more than Yugoslavs whose petroleum program is at best visionary and remote, at same time unobtrusively stepping in where Russians refused to tread.

REAMS

860H.00/9-1548 : Telegram

The Chargé in Yugoslavia (Reams) to the Secretary of State

SECRET

BELGRADE, September 15, 1948—4 p. m.

1250. Two and half months since Cominform resolution on CP Yugoslavia have provided evidence for conclusion Tito is firmly in control situation and for prediction he will retain control over next six months at least even though Soviets themselves take lead against him. This stability and reasonable probability its continuation now seems to require more active US policy toward Yugoslavia.

Tito's present control is illustrated by tranquillity and completeness of public order in country and by absence any domestic threat to Yugoslav internal power system. Facts that after more than two months of full Cominform blast only apparent defections are two ambassadors, three generals, and five officials in Republic Cabinets plus unknown but negligible number lesser personalities and that no official here with claim to political stature or following has failed to establish public allegiance to Tito form highly impressive record of solidarity.

Nor does horizon of next six months barring outbreak major war disclose probability any decisive threat to Tito. We discount Soviet military action against Tito this year on following grounds: (1) its effect on opinion throughout world, in eastern Europe, and in Yugoslavia itself would be tremendous blow to Soviet Union's present political programs, (2) its material cost might easily be excessive, for although major Yugoslav cities could be taken quickly Red Army would be faced with severe occupation problem and we doubt its willingness to risk German experience here.

Similarly no economic measures seem likely to produce early political results although stability and future direction Tito regime will be effected by (1) economic sanctions by USSR and satellites and (2) Yugoslav internal economic difficulties. Because it is easy miscalculate their nature and effect both require analysis. CP letters (Embtel 1177, August 31¹) reveal USSR was first adopt sanctions in March with refusal discuss trade followed by withdrawal experts. After Cominform resolution Albania cut economic ties and oil supplies and Rumania and Hungary also ended oil shipments (Bucharest 795, July 20 and Budapest 1177, July 22²). Oil chosen as most vulnerable point supply and overt sanctions temporarily halted there. Yugoslavia reacted by seeking oil elsewhere with partial success (Trieste 504, August 13³).

Other USSR and satellite action more obscure. Hungary contemplating slow down Yugoslav orders (Budapest 1385, September 1³) and Czechoslovakia withdrew tourists (our 1143, August 24³) while forcing Yugoslavia uphold unwelcome trade deals before assuring coke and machinery (Prague 1202, July 23³). Meanwhile Poland denies taking sanctions (Warsaw 1087, August 14) and USSR reportedly signed new limited agreements with Yugoslavia (Embtel 1029, August 2³).

Yugoslav's worst internal economic difficulties now are: 1) food shortage, 2) inflation, and 3) deterioration of plant and equipment.

¹ *Ante*, p. 1102.

² Neither printed.

³ Not printed.

Importance first two may be more deceptive than real and we doubt eastern bloc ability to influence them decisively. Food shortage despite generally good harvest and increased bread ration (Embtel 1134, August 22⁴) has thoroughly alarmed populace. Yet correction deliberate state policies could quickly improve supply. These policies are heavy state purchases during harvest, maximum exports, elimination private trade and stockpiling all causing maldistribution. Government seizure hogs (Embtel 1221, September 8⁴) is pertinent example: if hogs diverted internal supply instead export, present critical shortage meat and fats would ease. Inflation mainly result capital construction program financed by hidden credits, another deliberate state policy. Effects are cumulative and dangerous but we think breaking point still remote.

It is questionable if either situation really undermines political stability. Economic policies pursued by Tito would long since have overthrown almost any western democratic regime. Process can grow much worse without provoking more effective resistance than to date.

Plant deterioration is entirely different question. Tractor, truck and machinery parts urgently needed sustain civilian agriculture and transport, mining and timber output. This weakness exploitable by eastern bloc policy covert sanctions depending extent which US and western Europe keep supply sources close.

On balance, while open sanctions are somewhat more likely now that dispute has attained government level, we believe Soviets realize opportunities they would thereby create for west. It seems unlikely they wish to demonstrate to satellites that Yugoslav living standards and industrialization might improve with better western trade relations or that they fail to appreciate value Yugoslav exports to eastern bloc particularly since under Yugoslavia's long term trade agreements heavy deliveries not scheduled from USSR, Poland, Czechoslovakia or Hungary until 1950-51. Where covert sanctions or delivery slow downs can be effected or where exports can be stopped without loss Yugoslav strategic materials we have no doubt Soviets will do so. Such actions cannot compel basic changes here, at least for six months horizon.

Politically, we feel situation is stable at least for same period. None of immediate possibilities seems promising for Cominform. Tito's abdication for good of party is only barely conceivable; it would necessarily have to involve Rankovic, Kardelj and Djilas and a large segment of party. At moment there is absolutely no indication such a move is being considered by anyone. CPY action against Tito seems equally improbable in view firm control over party machinery exercised by

⁴ Not printed.

the four although it is very possible that as months pass pro-Stalinist deviations within CPY will increase. It is this long term weakening of party ranks that may represent in the end major threat to Tito's leadership. General internal revolt seems even less likely. There are no leaders with country-wide appeal and both security police and army seem firmly held by Tito. Assassination of Tito has perhaps greatest political potentialities for Cominform, but in first place one of most rigorous security systems in world would have to be penetrated and, it seems entirely probable Rankovic or someone else could take his place and hold situation together, although disorder and possibly civil strife could be expected.

With publication Tseka editorial in *Pravda* Yugoslav situation entered new phase. Yugoslavs seem to have compelled direct participation of Russians as they proved themselves more than able to cope with satellites efforts to handle situation. At same time contagiousness of Yugoslav experiment in independence seems to be growing, witness Gomulka episode in Poland, protest of Bulgarians Macedonians against BWP policy, reported Czech protest to Kremlin on Zhdanov's strategy, and signs of schisms in principal western CP's. Questions thus arise how long Soviets can afford loss prestige its ineffectual participation will involve and can risk further spread Tito heresies. We think they have no present alternative and that any attempts they make to produce early change here will be rash and either unsuccessful or exorbitantly expensive.

If foregoing analysis be accepted it would appear US should now discard watchful waiting which has been policy basis toward Yugoslavia and take some affirmative action. It is still too early to expect or seek political terms. Political *quid pro quo* will be adequately served for present by continued existence split in international Communism. Possibilities do exist in informational and economic fields.

Our information policy through VOUSA should continue to seek maintain schism in every way possible, but in other fields we should attempt create impression of seriousness Tito's ideological challenge to Stalin, of competitiveness rival interpretations of Marx and Lenin, and of potential claim to leadership of Communism's international strategy that Tito has staked out. Publication and wide distribution Soviet-Yugoslav CP's correspondence under official, subsidized, or private auspices might well be most desirable first step. If Soviets can be stimulated to precipitate action here, their cause can only be less successful than if they bide their time patiently.

More importantly in economic field although we should avoid governmental approach for present as politically embarrassing to Yugoslavia and quite probably to US there is action that can be taken now. We recommend early quiet progressive relaxation US controls re

Yugoslavia and favorable inter-Departmental consideration pending and future Yugoslav license applications non-military nature. Simultaneously we should encourage west Europe nations to redirect policies toward Yugoslavia within spirit broader trade objectives ERP, and consideration should be given to reviving abortive 1947 Bizonia-Yugoslav trade agreement.

We disagree conclusions Department Circair September 3, 10:50 a. m. re Yugoslav desire oil equipment (Embtel 1245, September 14) and urge dismissal any thought political concessions could be wrung out at this time. Recommended changes economic policy should be accomplished quietly and gradually. Their justification rests on their effective assistance to private US firms buy more Yugoslav critical and strategic materials, on their contribution both material and psychological to Yugoslav's ability resist eastern pressure, and on their example to other satellites whose desire for greater independence may be equalled by concern for their own economic conditions.

Sent Department 1250; Department pass Moscow 229 and Defense; repeated London 168, Paris 165, Rome 170, pouched Trieste, Budapest, Bucharest, Sofia, Prague, Warsaw.

REAMS

860H.00/9-2648 : Telegram

The Chargé in the Soviet Union (Kohler) to the Secretary of State

TOP SECRET

Moscow, September 26, 1948—2 p. m.

2141. We have reviewed Belgrade's latest excellent analysis Tito's position (Belgrade's 1250 to Dept, September 15), with view evaluating probable effect Tito-Cominform conflict upon Soviet attitude towards possible east-west hostilities.

While continuing independence Tito regime and other tendencies toward "nationalist" deviations within satellite fold constitute element of obvious weakness and uncertainty in general Soviet-Communist world position, it is difficult to judge degree to which this reduces Kremlin's willingness turn from present "cold" to actual warfare if other considerations should enter. Kremlin has lost former close dependable control over largest satellite military force, and presumably could not immediately fully exploit Yugoslavia's highly strategic location. On other hand, it seems quite possible that in event hostilities, Tito's Yugoslavia would seek outdo all satellites in her participation Communist cause. Such hostilities might in fact facilitate submergence of present unpleasant embarrassing spectacle Tito-Cominform drift, though this could at same time facilitate, under guise common war effort, Moscow's efforts to undermine gradually Tito's position within Yugoslavia. Principal unknown factor is independence Tito might

feel in making and being guided by his own estimate as to his position and eventual outcome of east-west conflict, but it is hard to see how he would have much choice in view his physical vulnerability immediate application overwhelming Soviet power.

On balance we do not believe Tito's defection has as seriously reduced Kremlin's willingness engage world hostilities as is generally believed.

Sent Dept 2141, Department pass Belgrade 88, London 241, Paris for Gadel 397.

KOHLER

860H.00/9-2748 : Telegram

The Chargé in Yugoslavia (Reams) to the Secretary of State

TOP SECRET

BELGRADE, September 27, 1948—6 p. m

1303. This Embassy unable completely evaluate effect of Tito's defection upon Kremlin's willingness to enter into conflict although considers makes less likely. Embassy agrees it is probable that Yugoslavia would, in the event of hostilities, enter war on Soviet side. However, as breach widens, every day that passes lessens this probability. (Moscow's 2141 to Department.) If Tito enters war on Soviet side, he must realize that he will be finished in long run regardless of where victory lies.

On assumption that early hostilities possible, even though unlikely, Embassy believes it should be instructed by Department concerning course of action to be followed vis-à-vis Yugoslav Government. First factor to be considered is desirability from overall point of view of Yugoslav neutrality. Embassy realizes it is not competent to pass upon all factors involved. However, certain facts are obvious. Yugoslav neutrality would have considerable effect upon completeness of support accorded by satellites to Soviets. It would decrease pressure on areas vital to West, such as Trieste and Greece. It would possibly lead to Soviet attack on Yugoslavia, which could be to our interest. Neutrality might be expected become more and more benevolent as our strength grew. Parallel with Spain during last war obvious.

On assumption neutrality desirable, following questions must be determined: Should action taken by US be confined threats; should we promise continue not interfere Yugoslav affairs in future; or should we offer something more. Something more could be assistance against Soviet attack, or assurance that we would not interfere with development Balkan Federation. Anything more than statement to the effect that Yugoslavia's own best interests would be served by neutrality carries dangerous implications which could only be justified by considerations of overall strategic policy.

Foregoing prepared in consultation Military Attaché and Naval Attaché.

Please pass Defense.

REAMS

860H.00/9-2748 : Telegram

The Acting Secretary of State to the Embassy in Yugoslavia

TOP SECRET

WASHINGTON, October 1, 1948—7 p. m.

565. Following represents current working level thinking in Dept on questions raised urtel 1303, Sept 27, 6 p. m. We are inclined to question some of your premises. For example, possibility cannot be excluded Tito would enter war on USSR side without, however, permitting Sov troops to enter Yugoslavia. In our opinion most likely contingency is that USSR would probably liquidate present Jug situation before embarking on a war. Urtel assumes Jug neutrality would be to our advantage. This probably true although a top-flight Lieut. Gen. whom we consulted informally feels this open to question.

Definitive answers to questions raised urtel 1303 will require continuing study and military evaluation on highest level. We will pursue matter here but would appreciate any further views you may have in light foregoing comments.

Our preliminary judgment is that in present situation no major departure from our present policy is called for.

LOVETT

860H.00/10-448 : Telegram

The Chargé in Yugoslavia (Reams) to the Secretary of State

TOP SECRET

BELGRADE, October 4, 1948—5 p. m.

1327. I agree that if Tito should enter war on Soviet side he would almost certainly attempt exclude Soviet troops from Yugoslavia (Deptel 565, October 1). However, this would not remove him from dilemma horns. We would feel no more kindly toward him and Russians if victorious would certainly be strong enough remove him. Also agree Russians would prefer liquidate Yugoslav situation before embarking war. They are unlikely succeed if we give him economic support present regime. Odds favor continuation regime even in event Tito assassination. Soviet invasion to enforce change unlikely but should certainly call for immediate positive action our part. I feel strongly that importance maintaining independent defiant Yugoslavia cannot be overestimated. Believe that pull on other satellites may well become irresistible if time permits Tito fully consolidate his position.

Defense must, of course, estimate advantages Yugoslav neutrality. I am inclined believe that it would be possible persuade Tito remain neutral if we so desired. Personally believe this desirable. However, Embtel 1303, September 27, based solely on possibility defense might consider desirable.

REAMS

860H.00/10-548 : Telegram

The Chargé in Yugoslavia (Reams) to the Acting Secretary of State

SECRET

BELGRADE, October 5, 1948—1 p. m.

1332. For Acting Secretary. Eric Johnston ¹ asked me to inform you he will when he returns Washington report personally on his Tito interview.² Three main points concerned. Tito emphasized breach with Russia can be closed only if Soviets admit error. Yugoslavs extremely anxious buy from west, particularly US, but cannot agree that political conditions be attached. Tito gave unqualified assurance nothing sold by US would be reexported. He insisted Yugoslavs were receiving less favorable consideration from US than Soviets or satellites.

New point arose during discussion war possibilities. Tito stated there would not be war since Russians would not start one. When asked what Yugoslav position would be in event war between Soviets and west did break out he replied that he could not say since Yugoslav position would depend on who started war and "circumstances at that time." Johnston pressed matter and has definite impression that Tito would maintain neutrality if it were possible for him to do so.

Johnston has assurances of satisfactory film contract.

REAMS

¹ President of the Motion Picture Association of America. Johnston was on a tour of Europe negotiating agreements for the sale of American-made films.

² Johnston had his interview with Marshal Tito on October 5. No record has been found of a conversation between Under Secretary Lovett and Johnston.

711.60H/10-2848 : Telegram

The Ambassador in Yugoslavia (Cannon) to the Secretary of State

SECRET

BELGRADE, October 28, 1948—7 p. m.

1395. I had an hour with Foreign Minister Kardelj ¹ yesterday afternoon and managed to elicit from him following information and observations:

UN GA: He said many important problems demanding his atten-

¹ Kardelj was named Yugoslav Foreign Minister on August 31, 1948, in connection with a reorganization of the Yugoslav Cabinet.

tion here made him impatient of procedures at Paris² and he finally decided he could not stay away from Belgrade longer. "Besides we have very strong and capable delegation." If necessary may return Paris next week but hopes not. Thinks Greek question and some others may be "postponed" to permit of earlier closing GA session. Is giving little time to foreign matters and in fact received me at Presidium.

Trade negotiations with USSR: showed less optimism than I expected. Shrugged and said "we'll do our best and hope something comes of it".

Internal transport problems: Insisted train stoppages (Embtel 1382 October 25³) for movement crops. Long discussion heavier traffic with less rolling stock than prewar, deterioration road beds and material, shortages skilled labor et cetera. Drastic measures necessary to get crops in distribution and storage before bad weather comes. I could not get him to admit coal shortage which we suspect. On contrary he insisted railroads use local coal and imports continuing though with occasional delays. "We cannot expect another light winter and must have fuel reserves ready." Thinks winter coal problem can be met.

Economic sanctions: Declined to discuss political aspects but pretends to believe that all out blockade will *not* be attempted by Cominform Governments. "if they do we will work our way through on our own." This last in ringing tones.

East-West trade: Wants improvement trade with US whether direct or through ERP countries. My homily on ERP provoked neither dispute nor embarrassment. He said we must look into these matters. Items he mentioned in passing were motor transport replacement parts, tires and fuel.

Kardelj is by nature mistrustful secretive and devious and hitherto has evaded anything but most formalistic contact with diplomats or foreigners and has been openly hostile to foreign press. On this occasion he gave impression of cordiality in marked contrast to my earlier encounters with him. This doubtless partly due to deliberate effort to accustom himself to requirements his new position. Even so, interview was somewhat still [*chill?*] despite what appeared to be friendly intentions. As an ice breaker it has significance which we can better evaluate after subsequent conversations.

Sent Department 1395, Paris 182, London 179, Rome 181. Department pass Moscow 246.

CANNON

² The Third Regular Session of the United Nations General Assembly was held in Paris, September 21-December 22, 1948.

³ Not printed.

860H.00/11-2448 :Telegram

The Ambassador in Yugoslavia (Cannon) to the Secretary of State

SECRET

BELGRADE, November 24, 1948—9 p. m.

1477. Parallel with their energetic international offensive at GA Yugoslav Government for first time since Cominform break is displaying spirit for vigorous domestic projects. Direction their resumed charge seems definitely to the left. Neither abroad nor at home has Tito attempted compromise with non-Communist opinion that might have consolidated support he temporarily enjoyed from political center and right. His course apparently will be extreme Communist orthodoxy in struggle against "foreign imperialism and domestic reaction."

Foregoing is preliminary evaluation past month's frenetic organizational activity throughout Yugoslavia. During this time following major congresses have been held: Communist Youth Organization SKOJ, United Syndicates Yugoslavs, Serb Assembly, Yugoslav Youth Festival, League Yugoslav Engineers and Technicians, CP of Bosnia and Hercegovina, Yugoslav Physicians, CP of Dalmatia, CC of Anti-Fascist Women's Front, CP of Slovenia, CP of Zagreb, Serb Academy Science, Slovene Academy Science and Art, Federal Academic Council. This organizational epidemic will continue throughout the year with following as most important meetings scheduled: CP's Croatia, Macedonia and Serbia, People's Youth, People's Front and special session National Assembly.

Of meetings already held, Slovene CP was by far most significant. See my next following telegram. All of them, however, emphasized as Yugoslav domestic policy intensification of Communization particularly in agriculture. All have asserted supremacy CP and minimized mass organizations. In case of youth, combination SKOJ and People's Youth will essentially eliminate latter. Tito's recent addresses have been models doctrinal purity emphasizing labor as most important factor new Yugoslavia, warning that revolutionary process will continue as long as exploiting capitalist elements have power obstruct development Socialism, proclaiming "No force can sway us from further upbuilding Socialist state." His chief associates have opened violent oratorical campaign against rich kulaks, village magnates and remnants of clericalism and have stressed intensified struggle against opportunism, carelessness, absenteeism, and mobility of labor. Party congresses have urged ideological strengthening or purging party ranks and merciless new drive against saboteurs, speculators and agents foreign espionage.

Of symbolic significance to this new period was nationalization week ago street flower stalls which had heretofore remained as unique if bedraggled relics free enterprise.

That this new intensification and Tito's own admissions appear to concede part of Cominform reproaches does not seem trouble Yugoslavs. Their rationale probably is that no CP in east Europe is impervious all counts Cominform indictment and that Yugoslavs leading position next to Soviet CP will be further improved to confound Communist critics. Domestically in any event Communist Party Yugoslavia has regained buoyancy and aggressiveness of year ago.

Hypothesis suggested above depends somewhat on CP congresses Croatia, Macedonia and Serbia and National Assembly special session November 27. Agenda latter does not disclose reason for convocation special session so soon after regular fall meeting. Legislative committees are now drafting new bills for patents, honorary titles for workers, military criminal code, coastal waters and amendments to citizenship law for Yugoslav-Germans, press statute readmissibility foreign publications and agrarian reform re permits for land division. Many dramatic rumors current re real purpose assembly include usual dinar conversion story and change name Yugoslavia to Union Socialist States Yugoslavia. We expect new cooperative program in offering perhaps creating large number new collectives and voting large sums for agricultural machinery. This may be moment for constitutional changes forecast by Tito at Communist Party Yugoslavia last July in reference to socio-economic section constitution.

This new spirit can, of course, be taken to mean Yugoslav god is seeking *modus vivendi* with Cominform world along lines more energetic foreign policy and more vigorous domestic socialization. If such attempt seems likely to prosper it would put our interim Yugoslav policy to new test.

Sent Department 1477, pouched Moscow.

CANNON

860H.00/11-948

Memorandum by the Director of the Office of European Affairs (Hickerson) to the Director of the Policy Planning Staff (Kennan)

SECRET

[WASHINGTON,] November 26, 1948.

Subject: Suggested addition to S/P's June 30, 1948 paper on "US Attitude toward Events in Yugoslavia"¹

DISCUSSION

In view of recent statements by leading Yugoslav officials indicating a desire to improve US-Yugoslav trade, the present might be an opportune time to expand the references dealing with Yugoslav-US and Western trade in the latter half of Paragraph 2 on Page 3² of this paper. For example, during Ambassador Cannon's recent talk with Foreign Minister Kardelj (Belgrade's 1395 October 28) the latter referred to Yugoslav interest in improving trade with the US, mentioning specifically motor transport replacement parts, tires and fuel, and said that this subject must be discussed further. Belgrade's telegram 1250 of September 15, 1948 recommended some relaxation of the present restrictions on US exports to Yugoslavia without regard to any political *quid pro quo*. Tito and one or two other Yugoslav officials have on several occasions since the Cominform split stated that they wished to improve US-Yugoslav trade provided no political strings were attached.

The Department has recently given careful consideration to a Yugoslav request for the approval of export licenses for oil well drilling equipment, but is unable to meet Yugoslav wishes in this respect, since such equipment is on the list of prohibited exports to Eastern Europe. Nonetheless, Mr. Lovett has approved the suggestion that we tell the Yugoslavs that while we cannot take favorable action on the drilling rigs, we would be glad to see what we can do to expedite and if possible obtain favorable action on items for which export license applications have been made, if they will give us a list of the items involved.

In addition, EUR's recommendation to the Secretary prior to his departure for Paris, and to Mr. Lovett before he saw the Yugoslav Ambassador on November 3,³ was that if opportune reference was made by the Yugoslavs to US-Yugoslav political or economic relations, we should not overlook such an opportunity to suggest some

¹ The reference here is to Policy Planning Staff Paper 35, June 30, p. 1079.

² The reference here is presumably to paragraph 2 of the "Conclusions" of document PPS 35, p. 1080.

³ Yugoslav Ambassador Kosanovic paid a courtesy call on Under Secretary Lovett on November 3 just prior to returning to Belgrade for consultation. No record of the conversation has been found.

degree of receptivity on our part. Consequently, it was suggested that if such an occasion arose, it might be pointed out that the US position in respect to the establishment of healthy and peaceful conditions throughout the world is well known, and that the US Government would be pleased to consider carefully any Yugoslav proposals or suggestions relative to Yugoslav-US relations which might give promise of contributing to that end.

RECOMMENDATION ⁴

It is recommended that:

(a) Consideration be given to the desirability of inserting, just prior to the section headed "Recommendation" in the June 30 paper, an additional Point 4 somewhat as follows:

"4. The Line which should be adhered to by representatives of the Department in any discussions with Yugoslav officials who have *on their initiative* brought up the subject of US-Yugoslav political or economic relations should be substantially as follows:

"The US position in respect to the establishment of healthy and peaceful conditions throughout the world is well known, and the US Government would be pleased to consider carefully any Yugoslav proposals or suggestions relative to Yugoslav-US relations which might give promise of contributing to that end."

(b) Belgrade be informed by cable, and other Field offices receiving the Department's circular telegram of June 30, 1948, which transmitted the "Conclusions" reached in S/P's June 30 paper, be informed by airgram, of the foregoing.⁵

⁴ In a memorandum of November 30 to Hickerson, not printed, Kennan expressed entire agreement with the recommendations contained in this memorandum. Kennan saw no need to await any formal action by the Policy Planning Staff nor did he regard it as desirable to concern the National Security Council with the matter (860H.00/11-3048).

Hickerson's memorandum was referred on December 2 to Under Secretary Lovett by whom it was duly approved.

⁵ The paragraphs quoted here were transmitted to Belgrade in telegram 647, December 7, and to all diplomatic posts in a circular airgram of December 8, 8:35 a. m., neither printed (860H.00/12-748 and 860H.00/12-848).

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